

JAMES N. HATFIELD, CLERK
By: *[Signature]* Deputy Clerk

///

DECLARATION OF GEORGE M. HALIMI

1. GEORGE M. HALIMI, State and Declare: Exhibit#21(herein):

2. STATES: On or about October 15, 2004, I wrote two letters to Morgan Stanley Dean Witter, and Washington Mutual, informing the parties that Mr. Sanders believes that there are some discrepancies regarding the interest, fees, and charges by your firms, I also demanded from the two parties to provide my office with an accounting for payments made, interest, charges, and charges for the above-referenced loans. No response was made by the two named parties.

PLAINTIFF' OPPOSE DEFENDANT MOTION TO DISMISS
PLAINTIFF COMPLAINT FOR THE FOLLOWING REASONS:

1. Plaintiff' attorney' George M. Halimi as stated above demanded that Washington Mutual, and Morgan Stanley Dean Witter Credit Corp. provide his office with accounting for payments made, and interest charges, as the Law requires. but go no respond. Washington Mutual, and Morgan Stanley, Dean Witter, had a duty by Law to Provide Plaintiff' attorney with the document plaintiff needed to properly Present his case to the court. Instead the defendants want to use that as a defense of a Statute of Limitation when they Held up Plaintiff' filing of his complaint with the help of plaintiff' attorney George Halimi, Waited from Oct. 2004 to about August 2006 to claim statute of Limitation against the plaintiff' the plaintiff' alleges that the time for filing his complaint against the defendants is TOTALING BACK TO THE TIME PLAINTIFF' ATTORNEY MR. HALIMI DEMANDED THAT THE DEFENDANTS PROVIDE PLAINTIFF' WITH ACCOUNTING RECORDS ACCORDING TO THE LAW. THEREFORE THE STATUTE OF LIMITATION WAS TOTALING FOR (2) YEARS.

1 2. On page #2 of the Washington Mutual Transcript, of the court
2 taken in court on Oct. 24, 2006 Judge William Barry stated on
3 lines 10, 11, & 12 While Mr. Sanders has been left short by prior
4 attorney,, and I understand and sympathize with that, ---
5 On page #4 of court transcript Judge Barry STATED, The loan wasn't
6 paid off until recently and you managed to get under the gun
7 **-- Under the wire for the Filing of the Complaint in a timely
8 fashion for that.

9 3. On page #13 of the court transcript on lines #23 thru 28 READS
10 AS FOLLOWING: I AM SORRY MR SANDERS, BUT THAT WHAT I'M GOING TO
11 TO HAVE TO DO. FOR A LOT OF REASONS NOT RELATED TO YOU, YOUR
12 YOUR CLAIM IS NOT TIMELY.

13 MR: SANDERS: YOUR HONOR, MAY I ASK A QUESTION? WHAT IS THE
14 STATUTE OF LIMITATIONS? WHAT IS THE COURT RULING ON THE STATUTE?
15 THE COURT: THE STATUTE OF LIMITATIONS FOR A BREACH OF CONTRACT
16 IS FOUR YEARS. THE STATUTE OF LIMITATIONS FOR FRAUD IS THREE.:
17 MR. SANDERS I'M WITHIN THE LIMITS, THE COURT: I DISAGREE.

18 4. In the court Transcript taken on November 3, 2006 on page #10,
19 on lines #22 thru 28 STATED AS FOLLOWING: SO WHAT I'M TRYING TO
20 ASK IS WHAT THE COURT, WHAT DATE IS THE COURT SAYING THAT THE
21 BANKRUPTCY OCCURRED,, THAT THE BREACH OCCURRED?
22 THE COURT: WELL, I DON'T HAVE THE EXACT DATE IN FRONT OF ME, BUT
23 WHAT I CAN TELL YOU IS MY RECOLLECTION IS THIS LOAN GOES BACK
24 INTO THE EARLY 1990S, Right?

25 MR. SANDERS: WE HAVE TWO DIFFERENT LOANS WE'RE TALKING ABOUT HERE.
26 5. AS THE PLAINTIFF' HAVE POINTED OUT ABOVE: THE JUDGE DIDN'T
27 KNOW WHEN THE BREACH OF CONTRACT OCCURED, SO THE PLAINTIFF' SAY
28 THE COURT ERRORED, IN IT'S STATUTE OF LIMITATION RULING.

1 6. On Defendants Pleads for affirmative defense of re_judicata.
2 Plaintiff' submit Exhibits A,&B(herein) that plaintiff File with
3 Court a Motion For Reconsideration, but was denied by the Court
4 a Hearing, on grounds that those Issues Had already Re-Dress in
5 previous Court Hearing.

6 PLAINTIFF' ASK THE COURT TO TAKE JUDICIAL NOTICE OF THE COURT
7 TRANSCRIPTS TAKEN ON OCTOBER 24, 2006 AND NOVEMBER 3, 2006 WILL
8 SHOW THAT THE ISSUES PLAINTIFF RAISED IN HIS MOTION FOR THE
9 RE*CONSIDERATION OF DEFENDANTS' MOTION FOR DEMURRER. ARE NOT.
10 MENTION IN THE COURT TRANSCRIPTS FOR THOSE (2) court hearing.

11 7. Exhibit#4&4A (herein) will show that plaintiff' collect damages
12 under California Civil Code 3294.

13 WHEREFORE:

14 PLAINTIFF' ASK THAT THE COURT DENY DEFENDANTS MOTION FOR TO
15 DISMISS PLAINTIFF' COMPLAINT.

16
17 DATED: March ¹⁷~~24~~, 2008


Leon Sanders

1 is the "legal certainty test," i.e., it must appear to a legal certainty that plaintiff's claim is for less
 2 than the jurisdictional amount before dismissal is appropriate. See *St. Paul Mercury Indemnity Co.*
 3 *v. Red Cab Co.*, 303 U.S. 283, 289 (1938) ("[I]f, from the face of the pleadings, it is apparent, to a
 4 legal certainty, that the plaintiff cannot recover the amount claimed . . . and that his claim was
 5 therefore [not] colorable for the purpose of conferring jurisdiction, the suit will be dismissed"). In
 6 determining whether the amount in controversy requirement has been satisfied, the court must
 7 consider claims for both actual and punitive damages. See *Bell v. Preferred Life Assur. Soc.*, 320
 8 U.S. 238, 240 (1943). The court is not *required*, however, to accept plaintiff's entitlement to
 9 punitive damages at face value. Rather, the court must determine whether the claim is arguably
 10 *valid*: "Where it is clear to a legal certainty that the relief sought is unavailable, the amount
 11 attributed to it may not be considered in computing the jurisdictional amount." *Gray v. Occidental*
 12 *Life Ins. Co.*, 387 F.2d 935, 936 (3d Cir. 1968).

13 Ordinarily in California, a plaintiff may not recover punitive damages on a cause of action
 14 for breach of contract. California Civil Code § 3294 provides:

15 "In an action for the breach of an obligation *not arising from contract*, where it is
 16 proven by clear and convincing evidence that the defendant has been guilty of
 17 oppression, fraud, or malice, the plaintiff, in addition to the actual damages, may
 18 recover damages for the sake of example and by way of punishing the defendant."

19 See 1B. Witkin, SUMMARY OF CALIFORNIA LAW, § 820 ("[Exemplary or punitive] damages are never
 20 recoverable for breach of contract, no matter how willful or malicious, except where the wrongful
 21 act is also a tort"). *wrongful act is a tort*

22 Because the claim Sanders proposes to add is a standard breach of contract cause of action,
 23 he is not entitled to recover punitive damages under California law. The court, therefore, cannot
 24 consider his prayer for such damages in determining whether he has met the amount in controversy
 25 requirement.¹⁹ The remaining damages Sanders seeks on the new breach of contract claim, coupled
 26

27 ¹⁹Even if California law allowed for the recovery of punitive damages on breach of contract
 28 claims, Sanders' ability to recover them is uncertain. Paragraph XIX.C of the Franchise Agreement
 contains a waiver of Sanders' to punitive damages:

1 with his original \$35,400, do not satisfy the \$75,000 amount in controversy requirement, and the
 2 new claim does not cure the subject matter jurisdiction problem in this case.

3 2. The New Fraud Claim

4 Sanders also seeks leave to add a cause of action for fraud against CleanNet U.S.A. and
 5 Sepikas, its attorney. The claim is based on a declaration Sepikas filed in support of CleanNet
 6 U.S.A.'s earlier motion to dismiss. Sanders cites paragraph 4 of the declaration, in which Sepikas
 7 states:

8 "On August 24, 1999 I spoke with Plaintiff in an attempt to comply with Local Rule
 9 7.41 to meet and confer to resolve this claim and possibly avoid having to file this
 10 Motion to Dismiss. During this hour telephonic conference with Plaintiff, who is
 11 representing himself, I set forth my opinion that this Complaint did not state
 12 sufficient facts to proceed in Federal Court against my client who is not a party to this
 13 contract with the Plaintiff nor did his Complaint state the minimum seventy five
 14 thousand dollars (\$75,000) in controversy, let alone clearly establish diversity of
 15 citizenship for jurisdiction purpose. Unfortunately, Plaintiff chose not to voluntarily
 16 dismiss his claim and thus this Motion became necessary."²⁰

17 He alleges the statement is fraudulent:

18 "4. The plaintiff alleges Fraud against CleanNet U.S.A. Inc.[.] its attorney Joseph P.
 19 Sepikas, (on behalf of CleanNet U.S.A. Inc.) Declaration of Joseph P. Sepikas, Esq.

20
 21 "Franchisee hereby irrevocably waives to the fullest extent permitted by law, any
 22 right or claim for any punitive, exemplary, consequential, or speculative damages,
 23 including, without limitation, loss of profits, and agrees that in the event of a dispute,
 24 except as otherwise provided herein, Franchisee shall be limited to the actual
 25 damages sustained."

26 See Franchise Agreement at FA-29. Sanders has not argued that this clause is invalid, and in order
 27 to do so, he would have to establish that it did not constitute an intentional relinquishment of a
 28 known right. See, e.g., *J. Alexander Securities, Inc. v. Mendez*, 17 Cal App 4th 1033, 1093 (1993)
 ("Without a voluntary and intentional relinquishment of a known right, respondent cannot be
 deemed to have waived her right to punitive damages").

²⁰Declaration of Joseph P. Sepikas, Esq., attached to CleanNet U.S.A.'s Motion to Dismiss
 Complaint, ¶ 4.

8/ 4(A)

Answers to Complaints

1:08-cv-00190-JTC Sanders v. U.S. Government et al
4months

U.S. District Court

Northern District of Georgia

Notice of Electronic Filing

The following transaction was entered by Suessmith, Donald on 3/6/2008 at 4:19 PM EST and filed on 3/6/2008

Case Name: Sanders v. U.S. Government et al
Case Number: 1:08-cv-190
Filer: Morgan Stanley, Dean Witter Credit Corp.
Document Number: 9

Docket Text:

ANSWER to COMPLAINT by Morgan Stanley, Dean Witter Credit Corp.. Discovery ends on 8/4/2008.(Suessmith, Donald) Please visit our website at <http://www.gand.uscourts.gov> to obtain Pretrial Instructions.

1:08-cv-190 Notice has been electronically mailed to:

Douglas L. Brooks doug@douglasbrookslaw.com

Anthony Craig Cleland craig.cleland@ogletreedeakins.com, kathy.molynoux@ogletreedeakins.com

Donald C. Suessmith, Jr hsuessmith@mccurdyandcandler.com

1:08-cv-190 Notice has been delivered by other means to:

Leon Sanders
19219 Northwood Ave.
Carson City, CA 90746

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:n/a

Electronic document Stamp:

[STAMP dcecfStamp_ID=1060868753 [Date=3/6/2008] [FileNumber=2302908-0]
[75d6283e2a97e76aaf4ca4bd039eacdddea8c14c2451307a50d3fae4dd5d94e93d4
92caa72fc29dbf7854a009a60ea9570512569e8c6e03dc39722d2b69e772]]

5

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

LEON SANDERS,

plaintiff,

v.

U.S. GOVERNMENT, et al.,

defendants.

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CIVIL ACTION FILE
NO. 1:08-CV-0190-JTC

ANSWER OF MORGAN STANLEY CREDIT CORPORATION

Comes now, Morgan Stanley Credit Corporation, defendant in the above styled matter and files this its Answer to plaintiff's complaint and states as follows:

FIRST DEFENSE

Plaintiff's complaint fails to state a cause of action against this defendant for which relief can be granted.

SECOND DEFENSE

Defendant pleads the affirmative defense of statute of limitations.

THIRD DEFENSE

Defendant pleads the affirmative defense of res judicata.

FOURTH DEFENSE

Defendant pleads the affirmative defense of waiver.

FIFTH DEFENSE

Defendant pleads the affirmative defense of insufficient service of process of this defendant.

SIXTH DEFENSE

Plaintiff's assertion of fraud has not been stated with particularity and as a result defendant moves that plaintiff's contentions of fraud against this defendant be restated with particularity and failing that, said fraud claim be dismissed with prejudice.

SEVENTH DEFENSE

The correct name of defendant is "Morgan Stanley Credit Corporation".

EIGHTH DEFENSE

Defendant hereby responds to the paragraphs contained in plaintiff's complaint:

1.

No response is necessary to paragraph 1 of plaintiff's complaint. However to the extent one is deemed necessary, defendant denies the contentions stated and denies that plaintiff is entitled to the relief requested.

2.

Defendant is without knowledge to ascertain the truth and veracity of the contentions contained in paragraph 2 of plaintiff's complaint.

3.

Defendant is without knowledge to ascertain the truth and veracity of the contentions contained in paragraph 3 of plaintiff's complaint.

4.

Defendant is without knowledge to ascertain the truth and veracity of the contentions contained in paragraph 4 of plaintiff's complaint.

5.

Defendant is without knowledge to ascertain the truth and veracity of the contentions contained in paragraph 5 of plaintiff's complaint.

6.

Defendant denies the contentions contained in paragraph 6 of plaintiff's complaint.

7.

Defendant is without knowledge to ascertain the truth and veracity of the contentions contained in paragraph 7 of plaintiff's complaint.

8.

No response is necessary to paragraph 8 of plaintiff's complaint. However to the extent one is deemed necessary, defendant denies the contentions stated and denies that plaintiff is entitled to the relief requested.

9.

Defendant is without knowledge to ascertain the truth and veracity of the contentions contained in paragraph 9 of plaintiff's complaint.

10.

No response is necessary to paragraph 10 of plaintiff's complaint. However to the extent one is deemed necessary, defendant denies the contentions stated and denies that plaintiff is entitled to the relief requested.

11.

No response is necessary to paragraph 11 of plaintiff's complaint. However to the extent one is deemed necessary, defendant denies the contentions stated and denies that plaintiff is entitled to the relief requested.

12.

No response is necessary to paragraph 12 of plaintiff's complaint. However to the extent one is deemed necessary, defendant denies the contentions stated and denies that plaintiff is entitled to the relief requested.

13.

No response is necessary to paragraph 13 of plaintiff's complaint. However to the extent one is deemed necessary, defendant denies the contentions stated and denies that plaintiff is entitled to the relief requested.


14.

Defendant denies each and every contention contained in plaintiff's complaint not specifically responded to above.

WHEREFORE, Defendant urges the court to dismiss plaintiff's complaint with prejudice and cast all cost of said action against plaintiff.

This the 6th day of March, 2008.

MCCURDY & CANDLER, L.L.C.

By: 
Donald C. Suessmith, Jr.
State Bar No. 004480
Attorney for Morgan Stanley Credit
Corporation

250 E. Ponce de Leon Avenue
Suite 600
Decatur, Georgia 30030
TEL: 404-214-5252
FAX: 678-891-5723
hsuessmith@mccurdycandler.com

LAW OFFICES OF KIMBERLY A. FANADY
KIMBERLY A. FANADY, SBN: 139589
180 Montgomery Street, Suite 940
San Francisco, California 94104
Telephone: (415) 986-8467
Facsimile: (415) 986-8469

Attorney for Defendant
Morgan Stanley Credit Corporation

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

UNLIMITED JURISDICTION

LEON SANDERS,

Plaintiff,

-v-

WASHINGTON MUTUAL BANK, MORGAN STANLEY
DEAN WITTER CREDIT CORP., and DOES 1 through 5
inclusive,

Defendants.

Case No. TC020274

DEFENDANT MORGAN
STANLEY CREDIT CORP.'S
NOTICE OF DEMURRER
AND DEMURRER TO
PLAINTIFF'S COMPLAINT

Date: November 3, 2006
Time: 9:00 AM
Dept.: B

Notice of Demurrer

USActive 5601957.1

1 TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

2
3 PLEASE TAKE NOTICE, that on November 3, 2006 at 9:00 AM, or as soon thereafter
4 as counsel may be heard, in Department B of this Court, located at 200 W. Compton Blvd.,
5 Compton, California 90220, Plaintiff and Defendant Morgan Stanley Credit Corporation will
6 demur, pursuant to Code of Civil Procedure §430.10, to the causes of action asserted in
7 Plaintiff's Complaint, on the following grounds:

8 1. Plaintiff has failed to state a cause of action for breach of contract, fraud and
9 violation of the Truth in Lending Act (Code of Civil Procedure §410.10(e)); and
10

11 2. The causes of action asserted by Plaintiff for breach of contract, fraud and
12 violation of the Truth in Lending Act are uncertain (Code of Civil Procedure §410.10(f)).

13 This motion will be based on this notice, the memorandum of points and authorities filed
14 in support hereof, the oral argument of counsel, and such other and further evidence as may be
15 presented at the hearing.

16
17
18 Dated: October 2, 2006

19
20 LAW OFFICES OF KIMBERLY A. FANADY

21
22 By: 
23 Kimberly A. Fanady

24 *Attorneys for Defendant Morgan Stanley Credit*
25 *Corp.*

26
27
28 Notice of Demurrer

PROOF OF SERVICE

I am employed in the county of San Francisco, State of California. I am over the age of 18 and not a party to the within action. My business address is: 180 Montgomery St., Suite 940, San Francisco, CA 94104.

On this date I served the following document(s):

1. Defendant Morgan Stanley Credit Corp.'s Notice of Demurrer and Demurrer to Plaintiff's Complaint
2. Defendant Morgan Stanley Credit Corp.'s Memorandum of Points and Authorities in Support of Demurrer to Plaintiff's Complaint

[x] By placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, in the United States Post office mail at San Francisco, CA, addressed as set forth below. I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. It is deposited with U.S. postal service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than 1 day after date of deposit for mailing in affidavit.

Mr. Leon Sanders
19219 Northwood Ave.
Carson CA 90746
Plaintiff In Propria Persona

- [] By transmitting a true copy thereof via facsimile transmission to the facsimile telephone number referenced below;
- [] By personally delivering a true copy thereof to the person and/or office of the person at the address set forth below;
- [] By delivering a true copy thereof by Express Mail to be delivered to the person at the address set forth below via airbill no.:

I declare under penalty of perjury under the laws of the State of California that the above is true and correct. Executed on October 2, 2006 at San Francisco, California.


KIMBERLY A. FANADY

JOEY DEAN WITMER CREDIT CORPORATION
Payment and Advance History

20-OCT-2004

2

LINE ID : 9402100241517

Name : LUCAS SANDERS

Effective Date	Process Date	Trans Code	\$ Amount	\$ Principal	\$ Interest	\$ Other	Principal Bal.
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Auto and Payment Reversals From 1/1/94

APR-1996	20-APR-1996	PMT	476.13	0.00	476.13	0.00	39584.44
MAY-1996	20-MAY-1996	PMT	476.13	0.00	476.13	0.00	39584.44
JUN-1996	17-JUN-1996	PMT	476.13	0.00	476.13	0.00	39584.44
AUG-1996	02-AUG-1996	PMT	487.00	0.00	487.00	0.00	39584.44
AUG-1996	30-AUG-1996	PMT	487.00	69.97	417.03	0.00	39514.47
OCT-1996	31-OCT-1996	PMT	487.00	0.00	487.00	0.00	34514.47
DEC-1996	01-DEC-1996	PMT	487.00	0.00	487.00	0.00	39514.47
JAN-1997	31-JAN-1997	PMT	487.00	0.00	487.00	0.00	39514.47
FEB-1997	28-FEB-1997	PMT	487.00	0.00	487.00	0.00	39514.47
MAR-1997	31-MAR-1997	PMT	487.00	0.00	487.00	0.00	39514.47
APR-1997	30-APR-1997	PMT	487.00	0.00	487.00	0.00	39514.47
MAY-1997	30-MAY-1997	PMT	487.00	0.00	487.00	0.00	39514.47
JUN-1997	30-JUN-1997	PMT	487.00	0.00	487.00	0.00	39514.47
JUL-1997	31-JUL-1997	PMT	487.00	0.00	0.00	0.00	39514.47
AUG-1997	30-AUG-1997	VOID	487.00	0.00	0.00	0.00	39514.47
SEP-1997	30-SEP-1997	PMT	487.00	0.00	487.00	0.00	39514.47
OCT-1997	30-OCT-1997	PMT	487.00	0.00	487.00	0.00	39514.47
NOV-1997	16-NOV-1997	PMT	487.00	0.00	487.00	0.00	39514.47
DEC-1997	16-DEC-1997	PMT	487.00	0.00	487.00	0.00	39514.47
JAN-1998	16-JAN-1998	PMT	487.00	0.00	487.00	0.00	39514.47
FEB-1998	16-FEB-1998	PMT	487.00	0.00	487.00	0.00	39514.47
MAR-1998	16-MAR-1998	PMT	487.00	0.00	487.00	0.00	39514.47
APR-1998	16-APR-1998	PMT	487.00	0.00	487.00	0.00	39514.47
MAY-1998	17-MAY-1998	PMT	487.00	0.00	487.00	0.00	39514.47
JUN-1998	23-JUN-1998	PMT	460.17	0.00	460.17	0.00	39514.47
JUL-1998	24-JUL-1998	PMT	119.50	0.00	119.50	0.00	39514.47
AUG-1998	24-AUG-1998	PMT	487.00	0.00	487.00	0.00	39514.47
SEP-1998	15-SEP-1998	PMT	487.00	0.00	487.00	0.00	39514.47
OCT-1998	15-OCT-1998	PMT	119.99	0.00	0.00	119.99	39514.47
NOV-1998	15-NOV-1998	PMT	487.00	0.00	487.00	0.00	39514.47
DEC-1998	23-DEC-1998	PMT	124.11	0.00	0.00	124.11	39514.47
JAN-1999	06-JAN-1999	PMT	487.00	0.00	487.00	0.00	39514.47
FEB-1999	28-FEB-1999	PMT	119.50	0.00	0.00	119.50	39514.47
MAR-1999	09-MAR-1999	PMT	487.00	0.00	487.00	0.00	39514.47
APR-1999	25-APR-1999	PMT	119.50	0.00	0.00	119.50	39514.47
MAY-1999	10-MAY-1999	PMT	487.00	0.00	487.00	0.00	39514.47
JUN-1999	21-JUN-1999	PMT	25.53	0.00	25.53	0.00	39514.47
JUL-1999	21-JUL-1999	PMT	93.97	0.00	0.00	93.97	39514.47
AUG-1999	13-AUG-1999	PMT	487.00	0.00	487.00	0.00	39514.47
SEP-1999	25-SEP-1999	PMT	119.50	0.00	119.50	0.00	39514.47
OCT-1999	09-OCT-1999	PMT	487.00	0.00	487.00	0.00	39514.47
NOV-1999	19-NOV-1999	PMT	119.50	0.00	119.50	0.00	39514.47
DEC-1999	09-DEC-1999	PMT	487.00	107.60	380.20	0.00	39406.87
JAN-2000	22-JAN-2000	PMT	119.50	0.00	119.50	0.00	39406.87
FEB-2000	07-FEB-2000	PMT	487.00	216.01	271.87	0.00	39190.06
MAR-2000	06-MAR-2000	PMT	115.14	0.00	115.14	0.00	39190.06
APR-2000	05-APR-2000	PMT	487.00	227.12	260.66	0.00	38963.64
MAY-2000	25-MAY-2000	PMT	115.15	0.00	115.15	0.00	38963.64

14

STANLEY IRAN BITTER CREDIT CORPORATION

20-OCT-2004

Payment and Advance History

Account ID : 9402390341517

Name : LEON BAIDERS

Effective Date	Process Date	Trans Code	\$ Amount	\$ Principal	\$ Interest	\$ Others	Principal Bal.
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Payments and Payment Reversals From 3/1/94

01-JUN-1999	04-JUN-1999	PMT	487.88	202.72	285.16	0.00	38760.92
21-JUN-1999	22-JUN-1999	PMT	116.16	0.00	116.16	0.00	38760.92
06-JUL-1999	07-JUL-1999	PMT	487.88	164.98	322.90	0.00	38595.94
22-JUL-1999	23-JUL-1999	PMT	116.16	0.00	116.16	0.00	38595.94
04-AUG-1999	05-AUG-1999	PMT	487.88	219.71	268.17	0.00	38376.23
20-AUG-1999	21-AUG-1999	PMT	116.16	0.00	116.16	0.00	38376.23
07-SEP-1999	08-SEP-1999	PMT	487.88	196.19	311.69	0.00	38220.04
20-SEP-1999	01-OCT-1999	PMT	116.16	0.00	116.16	0.00	38220.04
04-OCT-1999	05-OCT-1999	PMT	487.88	249.63	238.25	0.00	37970.41
26-OCT-1999	26-OCT-1999	PMT	101.58	0.00	101.58	0.00	37970.41
11-NOV-1999	12-NOV-1999	PMT	487.88	175.32	312.56	0.00	37795.09
21-NOV-1999	23-NOV-1999	PMT	90.64	0.00	90.64	0.00	37795.09
09-DEC-1999	10-DEC-1999	PMT	487.88	176.10	311.78	0.00	37618.99
20-DEC-1999	20-DEC-1999	PMT	116.11	0.00	116.11	0.00	37618.99
10-JAN-2000	11-JAN-2000	PMT	487.88	192.08	295.80	0.00	37426.91
25-JAN-2000	25-JAN-2000	PMT	116.11	0.00	116.11	0.00	37426.91
11-FEB-2000	22-FEB-2000	PMT	487.88	67.13	420.75	0.00	37359.78
23-FEB-2000	24-FEB-2000	PMT	116.11	90.59	25.52	0.00	37269.19
14-MAR-2000	15-MAR-2000	PMT	487.88	233.31	254.57	0.00	37035.88
24-MAR-2000	24-MAR-2000	PMT	116.11	0.00	116.11	0.00	37035.88
10-APR-2000	11-APR-2000	PMT	487.88	262.47	225.41	0.00	36773.41
26-APR-2000	26-APR-2000	PMT	116.11	0.00	116.11	0.00	36773.41
12-MAY-2000	13-MAY-2000	PMT	487.88	208.18	289.70	0.00	36571.31
26-MAY-2000	30-MAY-2000	PMT	116.10	0.00	116.10	0.00	36571.31
13-JUN-2000	13-JUN-2000	PMT	487.88	216.78	271.10	0.00	36354.53
11-JUL-2000	12-JUL-2000	PMT	487.88	127.81	360.07	0.00	36226.72
26-JUL-2000	24-JUL-2000	PMT	242.07	81.23	160.84	0.00	36105.49
14-AUG-2000	15-AUG-2000	PMT	487.88	228.64	259.24	0.00	35816.85
18-AUG-2000	29-AUG-2000	PMT	102.24	0.00	102.24	0.00	35916.85
4-SEP-2000	15-SEP-2000	PMT	487.88	209.85	278.03	0.00	35707.80
1-OCT-2000	12-OCT-2000	PMT	487.88	158.62	329.26	0.00	35548.38
3-NOV-2000	14-NOV-2000	PMT	487.88	87.23	400.65	0.00	35461.15
3-DEC-2000	14-DEC-2000	PMT	487.88	124.55	363.33	0.00	35336.60
2-JAN-2001	16-JAN-2001	PMT	487.88	125.41	362.47	0.00	35211.17
2-FEB-2001	11-FEB-2001	PMT	487.88	114.04	373.84	0.00	35097.11
9-MAR-2001	29-MAR-2001	PMT	487.88	0.00	487.88	0.00	35097.11
3-APR-2001	11-APR-2001	PMT	487.88	290.64	197.24	0.00	34806.47
1-MAY-2001	15-MAY-2001	PMT	487.88	82.60	405.28	0.00	34723.87
1-JUN-2001	11-JUN-2001	PMT	487.88	190.59	297.29	0.00	34533.28
1-JUL-2001	16-JUL-2001	PMT	487.88	38.47	449.41	0.00	34494.81
1-AUG-2001	13-AUG-2001	PMT	487.88	157.11	330.77	0.00	34337.70
1-SEP-2001	11-SEP-2001	PMT	487.88	146.86	341.02	0.00	34190.84
1-OCT-2001	15-OCT-2001	PMT	487.88	80.76	397.12	0.00	34101.00
1-NOV-2001	12-NOV-2001	PMT	487.88	160.89	326.99	0.00	33940.19
1-DEC-2001	11-DEC-2001	PMT	487.88	150.80	337.08	0.00	33789.39
1-JAN-2002	11-JAN-2002	PMT	487.88	129.16	358.72	0.00	33660.33

15

STANLEY DEAN WITTER CREDIT CORPORATION

20-OCT-2004

Payment and Advance History

Account ID : 9402350363517 Name : LION HANDLES

Effective Date	Process Date	Trans Code	\$ Amount	\$ Principal	\$ Interest	\$ Others	Principal Bal.
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Payments and Payment Reversals From 1/1/91

13-FEB-2002	12-FEB-2002	PMT	407.00	319.00	368.00	0.00	30541.22
13-MAR-2002	12-MAR-2002	PMT	407.00	366.39	321.63	0.00	30374.08
13-APR-2002	12-APR-2002	PMT	407.00	332.56	334.32	0.00	30241.42
13-MAY-2002	12-MAY-2002	PMT	407.00	334.97	352.91	0.00	30106.45
13-JUN-2002	12-JUN-2002	PMT	407.00	359.08	328.00	0.00	29947.37
13-JUL-2002	12-JUL-2002	PMT	407.00	81.68	406.30	0.00	29865.69
13-AUG-2002	12-AUG-2002	PMT	407.00	195.24	292.64	0.00	29670.45
13-SEP-2002	12-SEP-2002	PMT	407.00	229.05	350.03	0.00	29540.60
13-OCT-2002	12-OCT-2002	PMT	407.00	186.99	300.49	0.00	29353.61
13-NOV-2002	12-NOV-2002	PMT	407.00	233.32	354.56	0.00	29220.29
13-DEC-2002	12-DEC-2002	PMT	407.00	267.19	319.99	0.00	29053.40
13-JAN-2003	12-JAN-2003	PMT	407.00	214.66	373.22	0.00	28917.74
13-FEB-2003	12-FEB-2003	PMT	407.00	181.63	306.25	0.00	28756.11
13-MAR-2003	12-MAR-2003	PMT	407.00	173.50	315.38	0.00	28583.61
13-APR-2003	12-APR-2003	PMT	407.00	120.12	357.76	0.00	28461.49
13-MAY-2003	12-MAY-2003	PMT	407.00	136.10	301.70	0.00	28277.31
13-JUN-2003	12-JUN-2003	PMT	407.00	177.25	310.63	0.00	28100.06
13-JUL-2003	12-JUL-2003	PMT	407.00	125.75	362.13	0.00	27974.31
13-AUG-2003	12-AUG-2003	PMT	31505.65	20061.37	2306.20	94.00	2308.94

total Records : 27	ADV	39504.44	39504.44	0.00	0.00
total Records : 122	PMT	70094.20	37479.50	40671.63	749.07

NOVUS CREDIT SERVICES INC.	CALIFORNIA HOME EQUITY DISCLOSURE STATEMENT
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In this statement the words "you" and "your" mean each and every person(s) who signs this statement. The words "we," "our" and "us" mean the Creditor named below.

EFFECTIVE DATE OF FINANCE CHARGE: November 9, 1994	ACCOUNT NO.: 940-2-390-343517
CREDITOR (US)	CUSTOMER (YOU)
NOVUS CREDIT SERVICES INC. 18581 Teller Avenue Suite 200 Irvine, CA 92715 1827	LEON SANDERS 19219 NORTHWOOD AV CARSON, CA 90748

FEDERAL DISCLOSURE STATEMENT			
ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of your credit as a yearly rate:	The dollar amount the credit will cost you:	The amount of credit provided to you or on your behalf:	The amount you will have paid after you have made all payments as scheduled:
13.503 %	\$49,541.40	\$36,162.00	\$85,703.40

YOUR PAYMENT SCHEDULE WILL BE:

NUMBER OF PAYMENTS	AMOUNT OF PAYMENT	WHEN PAYMENTS ARE DUE
180	\$476.13	Monthly beginning: DECEMBER 22, 1994 Last Payment due: NOVEMBER 22, 2003

SECURITY: This loan is secured by:

A Deed of Trust on real property located at 19219 NORTHWOOD AV, CARSON, CA 90748, and more specifically described in such Deed of Trust.

FILING FEE: \$85.00

LATE CHARGE: If a payment is late 15 days, you will be charged: 15% of the payment.

PREPAYMENT: If you pay off early, you may or may not have to pay a penalty; you may or may not be entitled to a refund of part of the finance charge.

See your contract documents for any additional information about nonpayment, default, and any required repayment in full before the scheduled date, and prepayment refund.

CREDIT INSURANCE DISCLOSURE:

Neither Credit Life Insurance nor Credit Disability Insurance is required to obtain this loan and will not be provided unless you sign for and agree to pay the additional costs which are set forth below. If either or both of you desire to or desire not to purchase insurance, check the appropriate box and sign below.

Credit Life Insurance -- Single Coverage: NOT SELECTED

Credit Life Insurance -- Joint Coverage: NOT SELECTED

Credit Disability Insurance -- Single Coverage: NOT SELECTED

Credit Disability Insurance may be written on only one Borrower.

You must indicate your choice and sign the document in order to complete this disclosure. If no box is checked, no insurance shall be issued.

☐ I desire Single Coverage Credit Life Insurance for the premium and term specified above.

☐ We desire Joint Coverage Credit Life Insurance for the premium and term specified above.

☐ I desire Credit Disability Insurance for the premium and term specified above.

☐ We do not want Credit Life Insurance or Credit Disability Insurance.


LEON SANDERS'S SIGNATURE

61
Age

11-10-94
Date

Age

Date

PLEASE SEE REVERSE SIDE FOR ADDITIONAL SIGNATURE REQUIREMENTS

Defendant Morgan Stanley Credit Corporation (formerly known as Morgan Stanley Dean Witter Credit Corporation, in turn formerly known as Novus Financial Corporation) ("MSCC") respectfully submits this Memorandum of Points and Authorities in support of its demurrer to Plaintiff's August 23, 2006 Complaint (the "Complaint" or "Compl.") pursuant to the Code of Civil Procedure §430.10.

PRELIMINARY STATEMENT

Plaintiff, a former borrower from Defendant MSCC, brings claims for breach of contract and fraud against MSCC. Compl. p. 1-3. For the reasons set forth below, this demurrer should be sustained without leave to amend and the Complaint dismissed with prejudice as against MSCC.

First, Plaintiff's claims for breach of contract, fraud and violation of the Truth in Lending Act are barred by the applicable statute of limitations. This action was commenced more than a decade after November 11, 1994, when Plaintiff executed the subject loan agreement with MSCC, and over five years after Plaintiff should have discovered and did discover the facts on

which his Complaint is based. Second, Plaintiff paid off the MSCC loan under his Chapter 13 bankruptcy plan, and thus is precluded by *res judicata* from challenging the amounts he paid because he failed to challenge any amount owed to MSCC at the time that his Chapter 13 bankruptcy plan was confirmed. Third, Plaintiff fails to plead the most basic facts necessary to state a cause of action for breach of contract or fraud. See Code of Civil Procedure §430.10(e). Indeed, the minimal facts alleged by Plaintiff in support of his breach of contract and fraud

claims are conclusory, ambiguous and unintelligible at best, and contradicted by the documents attached to the Complaint.

STATEMENT OF FACTS

Parties

Plaintiff, a former borrower from MSCC, brings claims for breach of contract and fraud against MSCC. See Compl. p. 1-3. MSCC is a Delaware corporation, doing business in the state of California. Among other things, MSCC is in the business of making mortgage loans.

Allegations of Wrongdoing in the Complaint

Plaintiff alleges that on or about November 10, 1994, MSCC made a second mortgage loan to Plaintiff ("MSCC Loan"), Compl. p. 3, ¶1, and a loan agreement was executed by and between Plaintiff and MSCC ("Loan Agreement"). *Id.*

Because of the fact that Plaintiff filed a timely claim with the Court trustee, that Bankruptcy time is fataling, because the claim is not settled yet

The exhibits to the Complaint show that on January 28, 1998, Plaintiff filed for Chapter 13 bankruptcy. See Compl. Exhibit at p. 30 (Final Report and Account of Trustee and

Certification that the Estate has been Fully Administered ("Chapter 13 Final report"). On May 28, 1998, Plaintiff's Chapter 13 Plan was confirmed, pursuant to which payments were to be made to MSCC. See *id.* On June 15, 2001, the United States Bankruptcy Court for the Central

District of California entered a discharge order officially releasing Plaintiff from all further debts that may be discharged under the plan. See Compl. Exhibit at p. 29 (Discharge of Chapter 13

Trustee and Order Closing Case).

Now, on August 23, 2006, over a decade after Plaintiff entered into the Loan Agreement with Morgan Stanley, and years after he has paid off the loan, Plaintiff purports to bring claims for breach of contract and fraud against Washington Mutual Bank and MSCC. In a futile attempt to plead such causes of action, Plaintiff alleges only that MSCC: (i) "fail[ed] to show interest

MPA's in Support of Demurrer

1 GEORGE M. HALIMI
1925 Century Park East, Suite 500
2 Los Angeles, California 90067
Telephone: (310) 553-5562
3 Facsimile: (310) 282-7578

4 Defendant in Pro Per

5
6 SUPERIOR COURT OF THE STATE OF CALIFORNIA
7 FOR THE COUNTY OF LOS ANGELES -- SMALL CLAIM DIVISION
8

9 LEON SANDERS,

10
11 Plaintiff,

12 v.

13 GEORGE M. HALIMI,

14 Defendants.
15

CASE NO. 06S01529

DECLARATION OF GEORGE M.
HALIMI IN LIEU OF COURT
TESTIMONY

Date: September 25, 2006
Time: 9:30 a.m.
Dept: N

16
17 DECLARATION OF GEORGE M. HALIMI

18 I, GEORGE M. HALIMI, state and declare:

19 1. I am an attorney at law duly admitted to practice before all courts of the
20 State of California, and I am the defendant in pro per in the above-entitled action.

21 2. I file this declaration in lieu of live testimony due to my court schedule on
22 the morning of September 25, 2006. At the date of this trial, I have 4 other hearings in
23 the Los Angeles Superior Court, Central District of Los Angeles County, representing
24 my clients. As such, it would be impossible for me to attend the small claim court.

25 3. The trial on this matter was originally set for September 11, 2006. The
26 trial was continued to September 25, 2006 due to my previous engagements.

27 4. On or about October 15, 2004, I entered into an agreement with plaintiff to
28 represent him for a claim he had against the Morgan Stanly Dean Witter, and

4 1 8 A 20
DECLARATION OF GEORGE M. HALIMI IN LIEU OF COURT TESTIMONY

Washington Mutual, for alleged loan fraud in regard to Mr. Sanders' property located at 19219 Northwood Avenue, Carson, California 90746-2734. It was agreed between the parties that I would represent plaintiff based on an hourly fees of \$200.00, and initial retainer of \$1,000.00. Mr. Sanders signed the retainer agreement, delivered to my office the sum of \$1,000.00, and over 100 pages of documents consisting of mainly documents for payments made by Mr. Sanders to the lenders, interest charged, and other fees and charges for the above-referenced loan. Documents were generated by Morgan Stanly Dean Witter, and by Washington Mutual, for the loans on Mr. Sanders' property.

5. On or about October 15, 2004, I wrote two letters to Morgan Stanly Dean Witter, and Washington Mutual, informing the parties that Mr. Sanders believes that there are some discrepancies regarding the interest, fees, and charges by your firms. I also demanded from the two parties to provide my office with an accounting for payments made, interest charged, and other fees and charges for the above-referenced loans. No response was made by the two named parties.

6. Plaintiff contends that I wrote a 6-line letter to Morgan Stanly Dean Witter and Washington Mutual. However, I spent over 5 hours of my time for initial consultation with plaintiff, communication with plaintiff, review and analysis of over 100 pages of documents submitted by plaintiff, and for research. I finally informed plaintiff that my investigation has revealed that his claim is based on fraud charges, which was committed over ten years ago. As such, the statute of limitations would prevent any action against the above-named parties.

7. I declare under penalty of perjury under the laws of state of California, that the foregoing is true and correct. Executed this 19th day of September 2006, at Los Angeles, California.


 GEORGE M. HALIMI

5 2 21
 DECLARATION OF GEORGE M. HALIMI IN LIEU OF COURT TESTIMONY

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and am not a party to the within action; my business address is:

1925 Century Park East, Suite 500
Los Angeles, California 90067

On September 19, 2006, I served the foregoing documents entitled "DECLARATION OF GEORGE M. HALIMI IN LIEU OF COURT TESTIMONY" on all interested parties in this action:

- ☐ by placing a true copy thereof enclosed in a sealed envelope addressed as stated in attached service list.
- ☒ by placing a true copy thereof enclosed in a sealed envelope addressed as follows:

Mr. Leon Sanders
19219 Northwood Avenue
Carson, California 90746-2734

- ☐ VIA FAX -
- ☒ (BY MAIL) -- First Class
- ☐ I deposited such envelope in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.
- ☒ I caused such envelope to be deposited in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.

I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. It is deposited with the U.S. postal service on that same day in the ordinary course of business. I am aware that on motion of a party served, service is presumed invalid if the postal cancellation date or postage meter date is more than one day after the date of deposit for mailing in the affidavit.

- ☐ (BY PERSONAL SERVICE) I delivered such envelope by hand to the office of the addressee.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on September 19, 2006, at Los Angeles, California.



GEORGE M. HALIMI

\$ 10 22

1 LEON SANDERS
19219 Northwood Ave.
2 Carson, Ca. 90746
(310)637-6939 Ph.#
3 (310)762-9211 Fax.#

4
5 CALIFORNIA STATE BAR ASSOCIATION
1149 South Hill Street
6 Los Angeles, Ca. 90015-2299

To:
1. GEORGE M. HALIMI,
Attorney At Law
1925 Century Park East, Ste. 50
Los Angeles, Ca. 90067

8 Re: Complaint against Attorney GEORGE M. HALIMI FOR:
9 BREACH OF CONTRACT AND FRAUD:

10 1. pursuant to ATTORNEY GEORGE M. HALIMI, DECLARATION, in small
11 Claim Court set for Sept. 25, 2006, where he Declared under the
12 penalty of Perjury. Attorney Halimi Claim in Small Court that he
13 (on lines 17&18 that he spent (5 hours of his time in Consultation
14 and 100 pages of documents of mostly payment receipts. but when
15 the Judge in small claim court asked him to produce Receipts
16 showing that he sent plaintiff bills supporting his claim he
17 told the judge that his Secretary must have sent them to the
18 plaintiff. Plaintiff told the Judge that he hadn't seen Attorney
19 Halimi since Oct. 2004 much Less had Consultation with Attorney
20 Halimi since Oct. 2004.

21 2. Plaintiff' (Leon Sanders) ask the THE CALIFORNIA STATE BAR ASSO.
22 TO instruct Attorney Halimi to send me Receipts, Income Tax records
23 showing that he received payments from Leon Sanders for the allege
24 5 hours of service he Claim. in Exhibit #9-11 (herein).

25 3. Exhibits#5-7 (herein) attorney Halimi stated in Exhibit #5
26 that he was ready to file my Complaint, but in the next Letter
27 exhibit #7 he state that he has investigated my case and found
28 that statue of Limitation has expired. after 10 years.

1 4. Documents Enclosed will show that ATTORNEY MICHAEL B. TENNATT,
2 FOR WASHINGTON MUTUAL BANK, AND ATTORNEY KIMBERLY A. FANADY, for
3 MORGAN STANLEY DEAN WITTER, both Defendants Claim a (3) years
4 statue of Limitation for which plaintiff File his Complaint on
5 8/23/2006 and the (3) years would be 8/25/2006 (20) days before
6 3 years would have expired. Plaintiff(see exhibit #3) allege that
7 Attorney Halimi have tried to allow the 3 years to expire before
8 filing plaintiff Complaint. This is Mal-Practice and obstruction
9 of Justice, which is a Crime.

10 5. Plaintiff, ask THE CALIFORNIA STATE BAR ASSOCIATION TO instruct
11 Attorney Halimi to send Plaintiff the Allege RESEARCH DOCUMENTS
12 he claim he research for the 5 hours he claim. when he sent me
13 my Files in August 2006 2 months after the Bar Association told
14 him to send me, there was no documents in my file but the documents
15 I gave him when I was in his office for initial Consultation before
16 he drew up the Attorney Agreement, PLAINTIFF(Leon Sanders Ask
17 The Bar Association To Sanction, Attorney Halimi.

18 6. Attorney Halimi, is a Officer Of The Court, and as a Attorney
19 has a Professional Code Of Conduct to Uphold. and his behavior
20 toward me has been anything but Professional.

21 7. EXHIBIT # 8 (herein) is a Small Claim Judgment against Attorney
22 Halimi, but to this date he hasn't Paided that Judgment.

23
24 Dated: 10/9/2006


Leon Sanders

LEON SANDERS
19219 Northwood Ave.
Carson, Ca. 90746
Ph. (310)637-6939
Fax (310)762-9211

THE STATE BAR OF CALIFORNIA
1149 South Hill Street
Los Angeles, California 90015-2299

Refer: Case No. 06-17618

Enclosed are documents to support my claim that Attorney George Halimi, Attorney Michael B. Tannatt, and Attorney Kimberly conspired to not produce documents pertaining to my Loan payments pursuant to filing a timely Complaint in Superior Court about the \$10,000.00 over-payments that Washington Mutual Bank and over \$10,000.00 in over payments that Morgan Stanley Demanded from Escrow when Escrow Closed.

I had been asking for years for Washington Mutual Bank and Morgan Stanley Dean Witter to furnish me with a correct AMORTIZATION SCHEDULE records of my Loan payments, which by Law I am entitled under the Truth-In-Lending Act, the Lender are Required to Furnish me with a correct Accounting of the Loan Payments which they are Servicing under the Loan Agreement.

In 9 Oct. 2004 I hired Attorney George Halimi to file a complaint against Washington Mutual Bank, and Morgan Stanley Dean Witter to recover over \$10,000.00 in over-payments from Washington Mutual Bank, and over \$10,000.00 in over payment from Morgan Stanley Dean Witter that they sent into Escrow when the Loan was paid off on Aug. 25, 2003. Washington Mutual Bank and Morgan Stanley Dean Witter would not send my Attorney George Halimi any Payment records at all after waiting around Feb. 2006 I ask my attorney George Halimi about the Case and he said he wouldn't Represent me as He agreed in the Attorney-Client Agreement we had signed. It was August 2006 before attorney would send me my Files so I could proceed with another Attorney. I Rust and File a Complaint on Aug. 23, 2006 Just (2) days before the (3) days would have expired for the (3) years Statute Of Limitation. I told the Court That because Washington Mutual and Morgan Stanley Dean Witter had Refused to send me Loan Payment Records so I could File a complete Accounting of my Loan Payments, That the time Should be TOLLING UNTIL I FILE THE COMPLAINT, but the court would not accept my Motion For Reconsideration. I will Hire another Attorney And RE*-File My Complaint.

Dated: 12/11/2006


Leon Sanders



**THE STATE BAR
OF CALIFORNIA**

**OFFICE OF THE CHIEF TRIAL COUNSEL
AUDIT & REVIEW**

1149 SOUTH HILL STREET, LOS ANGELES, CALIFORNIA 90015-2299

TELEPHONE: (213) 765-1612

TDD: (213) 765-1566

FAX: (213) 765-1442

<http://www.calbar.ca.gov>

November 9, 2006

Leon Sanders
19219 Northwood Avenue
Carson, CA 90746

RE: Case No.: 06-17618
Respondent: George Halimi

Dear Mr. Sanders:

Audit and Review has received your correspondence, dated October 19, 2006, requesting reconsideration of the decision of a State Bar attorney to close your complaint. Due to our current volume of cases, the material in the file, and the need to review each one carefully, we cannot estimate the date your matter will be assigned. We appreciate your patience.

We can assure you that once an attorney has reviewed your file, you will receive a letter advising you of our decision. If it is our determination that the matter should be re-opened, you will be advised and the matter will be re-assigned for further appropriate action. If it is our decision that the matter should remain closed, you will be advised of your right to petition the Supreme Court of California. If you do not hear from us, it is because the matter has not yet been assigned or reviewed.

If you would like us to consider new information other than what you have previously provided to us, please advise us, in writing. This is a more effective means for us to receive and fully evaluate your concerns. Include copies (only) of any documentation that you have not previously provided which you think it is important for us to review. Do not re-send information or documentation that you have already provided. You should send your written comments or information to: Audit and Review, Office of the Chief Trial Counsel, State Bar of California, 1149 South Hill Street, Los Angeles, California 90015.

The State Bar is not your attorney. The State Bar's function is to determine whether a particular complaint warrants disciplinary action. If you believe that you have a civil, criminal or administrative claim related to your complaint, you should consult an attorney regarding any available remedies. You should contact your local or county bar association for referral information.

OFFICE OF THE CHIEF TRIAL COUNSEL/AUDIT AND REVIEW
N02

120 26

SENT TO FAX # ()

REF #

FAX COVER SHEET

DATE: 12/9/2006

Refer: Case No. TC 020274

TO: WASHINGTON MUTUAL BANK ATTN: ATTORNEY MICHAEL B. TANNATTFROM: LEON SANDERS# OF PAGES: (2) PLUS COVERCOMMENTS: I will be hiring another Attorney and Re-File

My Complaint in another Superior Court difference from
Judge William Barry because of his Court Bias to the Plaintiff

I am also sending you a copy of my filing of a Complaint against attorney
George Halmi, attorney Michael B. Tannatt, and Attorney Kimberly A. Fanady
for Conspiring to Violate Plaintiff Civil Rights by With Holding mortgage
payment records that by Law, Plaintiff was entitle to before filing his
his Complaint in Superior Court and the time for filing should have been
(TOLLING) until plaintiff receive Loan records Yet attorney fro washington
Mutual Bank, and Morgan stanley alleges that the time for filing limitation
has expired, when they are the reason for plaintiff not filing early
because Lenders refused to furnish documents Relative to Filing Proper
Court Complaint Relative to His Case.

PLEASE TAKE NOTICE: (document enclosed) **LEON SANDERS**
 19219 S. Northwood Ave.
 Carson, California 90746
 Ph. (310)637-6939
 Fax. # (310)762-9211

FORMER CHAPTER 7 Trustee Sentenced
 for Bankruptcy Fraud
 Former chapter 7 trustee Robert Pryce
 was sentenced on July 18, 2005, in
 Central District of California to 80
 months in prison..

Plaintiff alleges that what Washington Mutual Bank did
 when it took monies from fund that the court trustee
 sent to them pursuant to the Bankruptcy Plan was FRAUD.



**THE STATE BAR
OF CALIFORNIA**

**OFFICE OF THE CHIEF TRIAL COUNSEL
AUDIT & REVIEW**

1149 SOUTH HILL STREET, LOS ANGELES, CALIFORNIA 90015-2299

TELEPHONE: (213) 765-1612

TDD: (213) 765-1566

FAX: (213) 765-1442

<http://www.calbar.ca.gov>

November 9, 2006

Leon Sanders
19219 Northwood Avenue
Carson, CA 90746

RE: Case No.: 06-17618
Respondent: George Halimi

Dear Mr. Sanders:

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We can assure you that once an attorney has reviewed your file, you will receive a letter advising you of our decision. If it is our determination that the matter should be re-opened, you will be advised and the matter will be re-assigned for further appropriate action. If it is our decision that the matter should remain closed, you will be advised of your right to petition the Supreme Court of California. If you do not hear from us, it is because the matter has not yet been assigned or reviewed.

If you would like us to consider new information other than what you have previously provided to us, please advise us, in writing. This is a more effective means for us to receive and fully evaluate your concerns. Include copies (only) of any documentation that you have not previously provided which you think it is important for us to review. Do not re-send information or documentation that you have already provided. You should send your written comments or information to: Audit and Review, Office of the Chief Trial Counsel, State Bar of California, 1149 South Hill Street, Los Angeles, California 90015.

The State Bar is not your attorney. The State Bar's function is to determine whether a particular complaint warrants disciplinary action. If you believe that you have a civil, criminal or administrative claim related to your complaint, you should consult an attorney regarding any available remedies. You should contact your local or county bar association for referral information.

OFFICE OF THE CHIEF TRIAL COUNSEL/AUDIT AND REVIEW
N02

18 28

August 2006
Issue 17

Page 10

Serial Filer Sentenced to 22 Months in Prison

On April 8, 2005, serial filer Erik Steven Fierro, a/k/a Erik S. Fierro IV, Erik S. DuPont, and Erik S. Rockefeller, was sentenced to 22 months in prison and three years supervised release based on his guilty plea to false declarations in bankruptcy. Several hours before Fierro's original sentencing hearing on March 24, 2006, a bomb threat against the federal building was telephoned to Fierro's probation officer from a location less than 100 yards from Fierro's residence. Fierro was taken into custody.

Former Chapter 7 Trustee Sentenced for Bankruptcy Fraud

Former chapter 7 trustee Robert D. Pryce, Jr., was sentenced on July 18, 2005, in the Central District of California to 80 months in prison on charges that included bankruptcy fraud. Pryce had pleaded guilty to receiving undisclosed fees from bankruptcy estates he was appointed to administer, and had agreed to cooperate with law enforcement agencies. However, as reflected in a sentencing letter submitted to the court by the U.S. Trustee's Los Angeles office, Pryce failed to cooperate with the U.S. Trustee and successor trustees in investigations to determine harm to the estates and in efforts to pursue claims against bonding companies that insured Pryce's performance as trustee. On the basis of this conduct, the court rejected recommendations for a lower sentence, noting the extensive harm Pryce caused to the estates and to the bankruptcy system, as well as the lack of remorse shown by Pryce after his plea. On September 06, 2005, Pryce was ordered to pay \$1,884,462.55 in restitution to six bankruptcy estates and \$2,100,000.00 to the bonding companies who paid out settlement amounts under his chapter 7 trustee bond. Despite argument by Pryce, the court ordered the sale of his residence within

the next 60 days and ordered that his family members, associates, friends, or anyone acting for him, to sign any documents necessary to facilitate the sale as Pryce had transferred the property in 2004 into his irrevocable family trust with his new wife as beneficiary.

Debtor's Principals and Attorney Convicted

On June 20th, a federal jury in Los Angeles convicted two former executives of an advertising placement agency on various fraud and money laundering charges for stealing tens of millions of dollars from corporate clients such as Sears, Roebuck & Co. and Universal Studios, who paid their firm to place ads with broadcast media, including ABC, NBC and Warner Brothers. Thomas Edward Rubin, the chairman and CEO of Focus Media, Inc., a media placement agency once located in Santa Monica, was found guilty of 25 felony counts, including conspiracy, mail fraud, wire fraud, bankruptcy fraud and money laundering. Rubin faces a potential sentence of several hundred years in federal prison when he is sentenced on October 23. The same jury that convicted Rubin also determined that Focus Media's chief financial officer, Thomas Patrick Sullivan, was guilty of 27 counts that virtually overlapped those against Rubin. Sullivan also faces a lengthy prison term when he is sentenced on October 23 by United States District Judge Gary A. Feess. The third defendant in the case, attorney Geoffrey C. Mousseau, was found guilty of conspiracy, two counts of concealing a total of \$500,000 in assets in a bankruptcy proceeding, one count of aiding and abetting the making of a false declaration in a bankruptcy proceeding, one count of perjury in a deposition in a bankruptcy proceeding, and one count of willfully withholding books and records in a bankruptcy proceeding. Mousseau is also



THE STATE BAR
OF CALIFORNIA

1149 SOUTH HILL STREET, LOS ANGELES, CALIFORNIA 90015-2299

OFFICE OF THE CHIEF TRIAL COUNSEL
INTAKE

TELEPHONE: (213) 765-1000

TDD: (213) 765-1566

FAX: (213) 765-1168

<http://www.calbar.ca.gov>

October 18, 2006

Leon Sanders
19219 Northwood Ave.
Carson, CA. 90746

RE: Inquiry Number: 06-17618
Respondent: George M. Halimi

Dear Mr. Sanders:

Your complaint against George M. Halimi, received on 5/12/06, had been reviewed by a staff attorney to determine whether he violated the State Bar Act and/or the Rules of Professional Conduct and whether there was a basis for investigation for prosecution of his alleged conduct. After careful review and after taking into consideration all relevant factors, the State Bar has concluded that the matter did not warrant action.

You may wish to consult with other legal counsel regarding your available civil remedies. You may contact your local or county bar association to obtain the names of attorneys to assist you in this matter. The local bar association or county bar association in your area is: Lawyer Referral Service of the South Bay Bar Association, 3465 Torrance Blvd., Suite C, Torrance, CA 90503 (310) 543-9773 or (310) 543-8777.

If you dispute the fee you paid to George M. Halimi, you may contact the above listed local or county bar association for fee arbitration information. You may also contact the State Bar Fee Arbitration program at 180 Howard Street, San Francisco, California 94105-1639, if there is no local fee arbitration program in your local bar association.

We are maintaining closed our file at this time.

If you do not agree with the decision to close your complaint, you may request a review, in writing, within three (3) months of the date of this letter. Telephonic requests cannot be accepted. Include with your request any additional or new evidence and copies of documentation which you believe should be considered. You may make your written request to: Audit and Review, Office of the Chief Trial Counsel, State Bar of California, 1149 South Hill Street, Los Angeles, California 90015.

Very truly yours, Dear Sir:

J. Cisneros
Complaint Analyst

Leon Sanders
JC

Dated: 10/19/2006

I ask the State AUDIT AND REVIEW, OFFICE OF CHIEF TRIAL:
of Attorney George M. Halimi DECLARATION TO THE COURT
which is false The judge told Attorney Halimi when we was in
small Claim Court on 25th of Sept. that the Bar Association
would Sanction him fro not sending my Documents to sooner
than 2 months after the Bar Association told him to do.
I ask the Bar association to Order him to send me Receipts
for hours he Claim. for Consultation that he did not give
to Plaintiff. To sign a false Declaration to the Court
should be in violation of Professional Conduct.

194 30

1 LEON SANDERS
19219 Northwood Ave.
2 Carson, Ca. 90746
(310)637-6939 Ph.#
3 (310)762-9211 Fax.#

4
5 CALIFORNIA STATE BAR ASSOCIATION
1149 South Hill Street
6 Los Angeles, Ca. 90015-2299

To:
1. GEORGE M. HALIMI,
Attorney At Law
1925 Century Park East, Ste. 50
Los Angeles, Ca. 90067

7
8 Re: Complaint against Attorney GEORGE M. HALIMI FOR:
9 BREACH OF CONTRACT AND FRAUD:

10 1. pursuant to ATTORNEY GEORGE M. HALIMI, DECLARATION, in small
11 Claim Court set for Sept. 25, 2006, where he Declared under the
12 penalty of Perjury. Attorney Halimi Claim in Small Court that he
13 (on lines 17&18 that he spent (5 hours of his time in Consultation
14 and 100 pages of documents of mostly payment receipts. but when
15 the Judge in small claim court asked him to produce Receipts
16 showing that he sent plaintiff bills supporting his claim he
17 told the judge that his Secretary must have sent them to the
18 plaintiff. Plaintiff told the Judge that he hadn't seen Attorney
19 Halimi since Oct. 2004 much Less had Consultation with Attorney
20 Halimi since Oct. 2004.

21 2. Plaintiff (Leon Sanders) ask the THE CALIFORNIA STATE BAR ASSO.

22 TO instruct Attorney Halimi to send me Receipts, Income Tax records
23 showing that he received payments from Leon Sanders for the allege
24 5 hours of service he Claim. in Exhibit #9-11 (herein).

25 3. Exhibits #5-7 (herein) attorney Halimi stated in Exhibit #5
26 that he was ready to file my Complaint, but in the next Letter
27 exhibit #7 he state that he has investigated my case and found
28 that statue of Limitation has expired. after 10 years.

- 1 4. Documents Enclosed will show that ATTORNEY MICHAEL B. TENNATT,
2 FOR WASHINGTON MUTUAL BANK, AND ATTORNEY KIMBERLY A. PANADY, for
3 MORGAN STANLEY DEAN WITTER, both Defendants Claim a (3) years
4 statue of Limitation for which plaintiff File his Complaint on
5 8/23/2006 and the (3) years would be 8/25/2006 (20) days before
6 3 years would have expired. Plaintiff(see exhibit #3) allege that
7 Attorney Halimi have tried to allow the 3 years to expire before
8 filing plaintiff Complaint. This is Mal-Practice and obstruction
9 of Justice, which is a Crime.
- 10 5. Plaintiff, ask THE CALIFORNIA STATE BAR ASSOCIATION TO instruct
11 Attorney Halimi to send Plaintiff the Allege RESEARCH DOCUMENTS
12 he claim he research for the 5 hours he claim. when he sent me
13 my Biles in August 2006 2 months after the Bar Association told
14 him to send me, there was no documents in my file but the documents
15 I gave him when I was in his office for initial Consultation before
16 he drew up the Attorney Agreement, PLAINTIFF(Leon Sanders Ask
17 The Bar Association To Sanction, Attorney Halimi.
- 18 6. Attorney Halimi, is a Officer Of The Court, and as a Attorney
19 has a Professional Code Of Conduct to Uphold. and his behavior
20 toward me has been anything but Professional.
- 21 7. EXHIBIT # 8 (herein) is a Small Claim Judgment against Attorney
22 Halimi, but to this date he hasn't Paided that Judgment.

23
24 Dated: 10/9/2006


Leon Sanders

GEORGE M. HALIMI
ATTORNEY AT LAW
1925 CENTURY PARK EAST, SUITE 500
LOS ANGELES, CALIFORNIA 90067

Telephone (310) 553-5562
(323) 222-9005
Facsimile (310) 282-7578

November 2, 2006

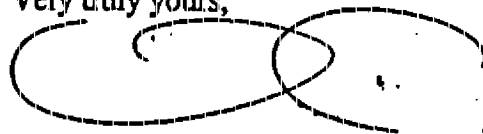
Mr. Leon Sanders
19219 Northwood Avenue
Carson, California 90746-2734

Dear Mr. Sanders:

I have checked my files and do not have any other documents pertaining to your case.
Your file was returned to you completely.

Enclosed is the check in the sum of \$260.00 pursuant to the Small Court order.

Very truly yours,



George M. Halimi

cc: The State Bar of California



**THE STATE BAR
OF CALIFORNIA**

**OFFICE OF THE CHIEF TRIAL COUNSEL
AUDIT & REVIEW**

1149 SOUTH HILL STREET, LOS ANGELES, CALIFORNIA 90015-2299

TELEPHONE: (213) 765-1612
TDD: (213) 765-1566
FAX: (213) 765-1442
<http://www.calbar.ca.gov>

November 9, 2006

Leon Sanders
19219 Northwood Avenue
Carson, CA 90746

RE: Case No.: 06-17618
Respondent: George Halimi

Dear Mr. Sanders:

Audit and Review has received your correspondence, dated October 19, 2006, requesting reconsideration of the decision of a State Bar attorney to close your complaint. Due to our current volume of cases, the material in the file, and the need to review each one carefully, we cannot estimate the date your matter will be assigned. We appreciate your patience.

We can assure you that once an attorney has reviewed your file, you will receive a letter advising you of our decision. If it is our determination that the matter should be re-opened, you will be advised and the matter will be re-assigned for further appropriate action. If it is our decision that the matter should remain closed, you will be advised of your right to petition the Supreme Court of California. If you do not hear from us, it is because the matter has not yet been assigned or reviewed.

If you would like us to consider new information other than what you have previously provided to us, please advise us, in writing. This is a more effective means for us to receive and fully evaluate your concerns. Include copies (only) of any documentation that you have not previously provided which you think it is important for us to review. Do not re-send information or documentation that you have already provided. You should send your written comments or information to: Audit and Review, Office of the Chief Trial Counsel, State Bar of California, 1149 South Hill Street, Los Angeles, California 90015.

The State Bar is not your attorney. The State Bar's function is to determine whether a particular complaint warrants disciplinary action. If you believe that you have a civil, criminal or administrative claim related to your complaint, you should consult an attorney regarding any available remedies. You should contact your local or county bar association for referral information.

OFFICE OF THE CHIEF TRIAL COUNSEL/AUDIT AND REVIEW
N02

21 34

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NO. B

HON. WILLIAM BARRY, JUDGE

LEON SANDERS,

PLAINTIFF,

VS.

NO. TC020274

WASHINGTON MUTUAL BANK, ET AL.,

DEFENDANT(S).

REPORTER'S TRANSCRIPT OF PROCEEDINGS

TUESDAY, OCTOBER 24, 2006

COPY

APPEARANCES:

FOR THE PLAINTIFF: LEON SANDERS, IN PRO PER
19219 NORTHWOOD AVENUE
CARSON, CA 90746
(310) 637-6939

FOR THE DEFENDANT: WASHINGTON MUTUAL BANK
BY: MICHAEL TANNATT, ESQ.
9200 OAKDALE AVENUE
CHATSWORTH, CA 91311

ANGELIA PARRISH, CSR #8909
OFFICIAL REPORTER

1 CASE NUMBER: TC020274
2 CASE NAME: LEON SANDERS VS.
3 WASHINGTON MUTUAL BANK, ET AL.
4 COMPTON, CA . TUESDAY, OCTOBER 24, 2006
5 DEPARTMENT NO. B HON. WILLIAM BARRY, JUDGE
6 REPORTER: ANGELIA PARRISH, CSR NO. 8909
7 TIME: A.M. SESSION
8

9 APPEARANCES:
10 PLAINTIFF LEON SANDERS, IN PRO PER;
11 DEFENDANT WASHINGTON MUTUAL BANK
12 REPRESENTED BY MICHAEL TANNATT.
13

14 THE COURT: NO. 7 SANDERS VERSUS WASHINGTON MUTUAL,
15 TC020274.

16 MR. SANDERS: GOOD MORNING, YOUR HONOR. PLAINTIFF PRO
17 PER LEON SANDERS.

18 THE COURT: GOOD MORNING, MR. SANDERS.

19 MR. TANNATT: GOOD MORNING, YOUR HONOR. MICHAEL
20 TANNATT, T-A-N-N-A-T-T, FOR DEFENDANT WASHINGTON MUTUAL,
21 DEFENDANT AND MOVING PARTY.

22 THE COURT: WHY DON'T YOU BOTH HAVE A SEAT.

23 DID YOU BOTH GET A CHANCE TO READ MY TENTATIVE
24 COMMENTS THAT I POSTED ON THE BOARD OUTSIDE.

25 MR. SANDERS: NO, I DIDN'T.

26 THE COURT: FOR BOTH OF YOUR GUIDANCE, I TRY TO POST
27 COMMENTS ON THE INTERNET THE EVENING BEFORE, AND THEY CAN BE
28 FOUND AT L.A. SUPERIOR COURT DOT ORG, IF YOU WANT TO GET A

1 PREVIOUS VIEW OF WHAT'S COMING UP THE NEXT DAY. IT'S ALSO
2 POSTED OUT IN THE HALLWAY SO YOU CAN LOOK AND SEE WHAT MY
3 THOUGHTS ARE BEFORE YOU COME IN, GIVES YOU A CHANCE TO
4 FOCUS.

5 HERE'S WHAT I WROTE AND POSTED YESTERDAY:
6 IT'S WASHINGTON MUTUAL'S DEMURRER, AND MY INCLINATION IS TO
7 SUSTAIN THAT WITHOUT LEAVE TO AMEND FOR THE FOLLOWING
8 REASONS: THERE'S TWO CAUSES OF ACTION ALLEGED, ONE FOR
9 BREACH OF CONTRACT AND ONE FOR FRAUD.

10 WHILE MR. SANDERS HAS BEEN LEFT SHORT BY PRIOR
11 ATTORNEY --- AND I UNDERSTAND AND SYMPATHIZE WITH THAT --- IN
12 THE PARAGRAPHS THAT DEAL WITH THE BREACH OF CONTRACT, I
13 REALLY DON'T SEE WHERE THERE WILL BE AN ABILITY TO STATE A
14 CLAIM AGAINST THIS PARTICULAR DEFENDANT.

15 THE CLAIM IN PARAGRAPH 5 IS THAT WASHINGTON MUTUAL
16 MISAPPLIED AMORTIZATION TABLE IN A MORTGAGE FOR A HOUSE, BUT
17 IT'S CLEAR FROM YOUR DOCUMENTATION, MR. SANDERS, THAT THIS
18 WAS AN ISSUE AS EARLY AS JUNE 2001 WHICH WOULD BE A STATUTE
19 OF LIMITATIONS PROBLEM BECAUSE THE COMPLAINT WASN'T FILED
20 UNTIL AUGUST OF '06. YEAH, AUGUST 23RD, 2006.

21 PARAGRAPH 6 OF THE COMPLAINT ALLEGES A BREACH OF
22 CONTRACT WITH REGARD TO WASHINGTON MUTUAL BASED ON SOMETHING
23 THAT OCCURRED DURING THE BANKRUPTCY WHICH WERE WRAPPED UP BY
24 JUNE 2001.

25 THEREFORE, WITH REGARD TO THOSE TWO ALLEGED
26 BREACHES, THE MISUSE OR MISAPPLICATION OF AN AMORTIZATION
27 TABLE AND THE FAILURE TO ALLOCATE PROPERLY IN THE BANKRUPTCY
28 PROCEEDING, THE STATUTE OF LIMITATIONS WOULD BE A BAR.

1 WITH REGARD TO PARAGRAPH 7, IT DOES NOT ALLEGE ANY
2 BREACH AGAINST WASHINGTON MUTUAL. IT JUST RELATES THAT
3 ISSUE OF ANY DAMAGES THAT WERE CAUSED TO BE INCURRED AS A
4 RESULT OF THE FORECLOSURE PROCEEDINGS.

5 THE SECOND CAUSE OF ACTION FOR FRAUD IS A LITTLE
6 BIT AMBIGUOUS. THE MOVING PAPERS QUESTION THAT THEY WERE
7 EVEN NAMED A FRAUD IN THE SECOND CAUSE OF ACTION. IT'S
8 CLEAR TO ME THEY WERE BY STATING IT'S WASHINGTON MUTUAL IN
9 PARAGRAPH 2 OF THAT SECOND CAUSE OF ACTION.

10 THEN AGAIN THE FRAUD IS ALLEGED TO HAVE OCCURRED
11 WHEN THE LOAN WAS EITHER OBTAINED IN 1991 OR HAS TO DO AGAIN
12 WITH HOW THE LOAN WAS PAID DOWN. THAT WAS SOMETHING THAT
13 WAS AN ISSUE BY JUNE OF 2001 FROM THE OPPOSITION PAPERS.

14 IT LOOKS TO ME LIKE THE CLAIMS AGAINST WASHINGTON
15 MUTUAL AREN'T TIMELY. THEY'RE TIME BARRED BY THE STATUTE OF
16 LIMITATIONS THAT WOULD BE IN EFFECT FOR EITHER A FRAUD CLAIM
17 OR STATUTE OF LIMITATIONS CLAIM. THAT'S WHERE I'M ASKED AT.

18 WOULD YOU LIKE AN OPPORTUNITY TO COMMENT?

19 MR. SANDERS: YES, I WOULD, YOUR HONOR.

20 THESE ARE SOME DOCUMENTS HERE THAT --

21 THE COURT: I'M SORRY, SIR. I CAN'T LOOK AT THAT.

22 MR. SANDERS: WELL, MY POINT IS THE DEFENDANT
23 WASHINGTON MUTUAL IN HIS RESPONSE TO THE PLAINTIFFS -- IN
24 ITS RESPONSE TO THE PLAINTIFF'S COMPLAINT ALLEGE THAT IT WAS
25 THREE YEARS -- THREE YEARS WAS THE STATUTE OF LIMITATIONS.
26 SO I FILED THE COMPLAINT TWO DAYS BEFORE THE THREE YEARS
27 TIME WAS UP. SO THAT WAS WITHIN THE THREE YEARS.

28 THE LOAN WASN'T PAID OFF UNTIL THE 25TH OF AUGUST.

1 I FILED A CLAIM ON THE 23RD. I WOULD HAVE FILED IT MUCH
2 SOONER IF MY LAWYER HAD OF GIVEN ME THE OPPORTUNITY.

3 THE COURT: LET ME ADDRESS THAT FOR YOU BECAUSE I SAW
4 THAT IN YOUR PAPERS, AND I UNDERSTOOD WHAT YOU WERE SAYING
5 WITH REGARD TO IT.

6 MY CONCERN IS THAT THE PAPERS THAT WERE SUBMITTED
7 IN CONNECTION WITH THE DEMURRER BY BOTH SIDES INDICATE THAT
8 THERE WAS AN APPRECIATION ON YOUR PART THAT WASHINGTON
9 MUTUAL WASN'T DOING THINGS PROPERLY BACK IN 2001 EVEN THOUGH
10 THE LOAN WASN'T PAID OFF UNTIL RECENTLY AND YOU MANAGED TO
11 GET UNDER THE GUN -- UNDER THE WIRE FOR THE FILING OF THE
12 COMPLAINT IN A TIMELY FASHION FOR THAT.

13 I'M GOING BACK -- I THINK I HAVE TO GO BACK PRIOR
14 TO THAT WHICH WOULD BE INTO 2001 BECAUSE THE PAPERS THAT
15 WERE PROVIDED TO ME SHOW THAT YOU WERE CRITICIZING AND WERE
16 CRITICAL OF WASHINGTON MUTUAL'S PAYMENT SCHEDULE BACK IN
17 2001. IT'S A LETTER IN THE PACKET OF MATERIALS SHOWING THAT
18 YOU DISAGREED WITH HOW THEY WERE DOING THAT AND IT SHOULD
19 HAVE BEEN PAID OFF IN A MORE EQUITABLE FASHION FROM YOUR
20 PROSPECTIVE. THAT WOULD BE A STATUTE OF LIMITATIONS PROBLEM
21 BACK IN 2001.

22 MR. SANDERS: MY REPLY ON THAT, YOUR HONOR, IS THAT THE
23 TIME WAS TOLLING BECAUSE I BROUGHT THE ISSUE TO THE
24 CO-TRUSTEE IN A TIMELY MANNER. THEY PROMISED TO -- I HAVE
25 DOCUMENTS I FILED WITH THE COMPLAINT -- THAT THEY WOULD
26 INVESTIGATE IT. I ALSO REPORTED IT TO MY ATTORNEY AT THAT
27 TIME. SO NONE OF THESE ISSUES WERE RESOLVED. IT WAS
28 STILL -- IN MY WAY OF LOOKING AT IT, THE BANKRUPTCY THING

1 WAS STILL TOLLING BECAUSE IT WAS ADDRESSED IN A TIMELY
2 MANNER, BUT IT WASN'T RESPONDED TO IN A TIMELY MANNER BY THE
3 DEFENDANT. SO THAT LEAVES THE STATUTE OF LIMITATIONS STILL
4 TOLLING.
5 THE COURT: LET ME ASK YOU A QUESTION ON THAT. I'M
6 SORRY TO INTERRUPT. I JUST WANT TO MAKE SURE I UNDERSTAND
7 WHAT YOU'RE SAYING TO ME.
8 WHOSE BANKRUPTCY WAS IT? WAS IT YOURS?
9 MR. SANDERS: IT WAS MY BANKRUPTCY.
10 THE COURT: NOW WITH REGARD TO THE FACT THAT YOU
11 CONTACTED AN ATTORNEY AND GAVE THE ATTORNEY ADVICE AS TO
12 THEIR BEING A PROBLEM, THAT'S NOT GOING TO BE A DEFENSE IN
13 YOUR FAVOR. YOU MAY HAVE REMEDIES AGAINST THAT ATTORNEY FOR
14 DROPPING THE BALL ON YOU, BUT THE DEFENDANTS ARE STILL
15 ALLOWED TO RAISE THE STATUTE OF LIMITATIONS BAR EVEN IF AN
16 ATTORNEY DIDN'T DO SOMETHING HE SHOULD HAVE.
17 MR. SANDERS: I RAISED IT WITH THE CO-TRUSTEE. THEY
18 PROMISED TO INVESTIGATE IT AND I RESPONDED BACK TO THEM TWO
19 OR THREE TIMES.
20 THE COURT: LET ME SEE WHAT MR. TANNATT HAS TO SAY
21 ABOUT THE BANKRUPTCY TRUSTEE ISSUE BECAUSE I DIDN'T REALLY
22 SEE THAT IN THE PAPERS, AND I WANT TO MAKE SURE I UNDERSTAND
23 WHAT'S GOING ON.
24 MR. SANDERS: ONE OF THE REASONS WHY I DREW THIS UP,
25 YOU CAN SEE THE TIME LIMIT. MY ATTORNEY DID ME A
26 DISSERVICE. HE WOULDN'T -- I HAD TO GO TO THE BAR
27 ASSOCIATION TO GET MY PAPERS. SO I HAD TO SCRAMBLE
28 SOMETHING TOGETHER. I DIDN'T HAVE AN OPPORTUNITY TO DO

1 DISCOVERY OR DO ANYTHING TO GET -- PUT A COMPLETE PICTURE
2 OUT ON MY CASE.

3 AS I UNDERSTAND THE LAW, IF AN ISSUE IS BROUGHT
4 UP --- MY WAY OF LOOKING AT IT IS FROM A LEGAL POINT IS IF I
5 ACCUSE THEM OF ACCOUNTING, I COULDN'T GET A JUDGMENT IN NO
6 COURT THAT I CAN THINK OF THAT THEY WERE CALCULATING THE
7 THING WRONG BECAUSE THEY HADN'T DID ANYTHING WRONG. THESE
8 ARE FIGURES.

9 WHEN THE ACTUAL FRAUD CAME ABOUT IS WHEN THEY
10 ACCEPTED MONEY AFTER THEY KNEW IT WAS DISPUTED FOR A NUMBER
11 OF YEARS. THEY WENT ON AND MADE A DEMAND IN ESCROW FOR
12 MONEY THEY KNEW THEY SHOULDN'T HAVE BEEN GETTING. THAT'S
13 WHEN THE --- I LOOK AT IT THAT'S WHEN THE FRAUD COME, WHEN
14 THEY ACTUALLY RECEIVED MONEY, PROFIT, THAT THEY WEREN'T
15 ENTITLED TO. THAT WAS THE 25TH OF AUGUST IN 2003 WHICH WAS
16 TWO DAYS BEFORE I FILED. THAT'S WHEN THE FRAUD ACTUALLY
17 OCCURRED, WHEN THEY ACTUALLY RECEIVED IT NOT THE ACCOUNTING.
18 SOMEONE CAN MAKE A MISTAKE IN HAD THE ACCOUNTING.

19 SOMEONE COULD MAKE A MISTAKE IN ACCOUNTING, AND IT
20 COULD --- TO MY JUDGMENT OF THE LAW, IT COULD BE AN ERROR,
21 BUT THEY HAVEN'T DONE ANY HARM TO ANYBODY. WHERE THE HARM
22 CAME IS WHEN THEY KNOWINGLY KNEW THERE WAS A DISPUTE AND
23 DIDN'T PREVENT IT.

24 THE COURT: AND THIS WAS IN '03?

25 MR. SANDERS: THIS WAS IN '03. THEY KNOW IT WAS A -- I
26 COULD TAKE IT TO COURT ALL DAY AND FILE IT. THEY
27 CALCULATED -- THEY HAVEN'T DONE ANYTHING WRONG. THE FIGURES
28 ARE WRONG. WHEN THEY DID SOMETHING WRONG IS WHEN THEY TOOK

1 MONEY THAT THEY KNEW WAS IN DISPUTE.
2 THE COURT: LET ME SEE WHEN MR. TANNETT HAS TO SAY
3 ABOUT, FIRST OF ALL, THE TOLLING.
4 PRIVATE COUNSEL: WITH REGARD TO THE TOLLING DURING THE
5 BANKRUPTCY, THE NICE THING ABOUT MR. SANDERS' COMPLAINT IS
6 IT DOES PROVIDE A LOT OF DOCUMENTS. SO IF YOU LOOK AT
7 EXHIBITS PAGE 31 AND PAGE 29 TO THE COMPLAINT, IT CLEARLY --
8 THE BANKRUPTCY WAS DISCHARGED AS THE COURT NOTES IN ITS
9 TENTATIVE ON JUNE 15, 2001. SO ANY TOLLING THAT WOULD HAVE
10 OCCURRED DURING THAT PERIOD OF TIME, I THINK WOULD HAVE BEEN
11 OVER.
12 FURTHERMORE, IT'S CLEAR THAT THE DISPUTE AS
13 PLAINTIFF ALLEGES IN PARAGRAPH 6, THIS IS A MATTER THAT
14 OCCURRED DURING THE BANKRUPTCY, AND IT IS A MATTER THAT WAMU
15 DID ADDRESS TO MR. SANDERS IN THE LETTER THAT MR. SANDERS
16 INCLUDES IN HIS COMPLAINT AT PAGES 14 AND 15 EXPLAINING WHY
17 THE AMORTIZATION PAYMENTS WERE MADE AS THEY WERE DURING THE
18 BANKRUPTCY, AND THIS LETTER IS DATED JUNE 18, 2001, AND IT'S
19 CLEARLY RECEIVED BECAUSE IT WAS ATTACHED TO MR. SANDERS'
20 COMPLAINT.
21 ANY PROBLEM OR DISPUTE WOULD HAVE STEMMED FROM
22 THAT POINT IN TIME AT LEAST, AND IT APPEARS THAT THIS MAY
23 HAVE BEEN AN ONGOING DISPUTE PRIOR TO THAT, AT LEAST FROM
24 THIS PERIOD OF TIME. AS THE COURT NOTES IN ITS TENTATIVE,
25 THAT'S CLEARLY BEYOND IT STATUTE OF LIMITATIONS.
26 THE COURT: LET'S GO TO THE SECOND ARGUMENT HE'S MAKING
27 WHICH IS, LOOK, I MAY HAVE HAD MISREPRESENTATIONS MADE TO ME
28 IN CONNECTION WITH THE FRAUD CLAIM, BUT I DIDN'T HAVE A

1 CAUSE OF ACTION UNTIL I SUFFERED DAMAGES, AND I DIDN'T
2 REALLY SUFFER DAMAGES UNTIL THE ESCROW CLOSED IN '03 AND,
3 THEREFORE, MY FRAUD CLAIM IS TIMELY.

4 PRIVATE COUNSEL: WITH REGARD TO THAT, ANY FRAUD THAT
5 WOULD HAVE OCCURRED WOULD HAVE BEEN DURING THE SERVICING
6 ISSUE. WE'RE NOT REALLY TALKING ABOUT FRAUD. WE'RE TALKING
7 ABOUT SERVICING ISSUES HERE, ABOUT WHAT WAMU BELIEVED WAS
8 OWED TO THEM AND WAS EXPLAINED TO HIM ON JUNE 18, 2001.

9 THE COURT: HE'S ALLOWED TO STATE A DIFFERENT THEORY OF
10 RECOVERY, AND HE STATED THAT ON BREACH OF CONTRACT. I THINK
11 THERE'S A PROBLEM WITH THE STATUTE OF LIMITATIONS.

12 HE'S ALSO ALLEGING THAT THERE WERE
13 MISREPRESENTATIONS MADE TO HIM, AND WE'RE AT THE DEMURRER
14 STAGE. SO I HAVE TO ACCEPT WHAT HE SAYS IS TRUE, AND HE'S
15 ALLEGING THAT THERE WERE MISREPRESENTATIONS MADE AND THAT
16 YOUR CLIENT COLLECTED MONEY IN AN IMPROPER FASHION, BUT THEY
17 DIDN'T REALLY SUFFER DAMAGES UNTIL THE ESCROW CLOSED IN '03,
18 AND THEREFORE, HIS CLAIM IS TIMELY.

19 MR. TANNATT: YOU MEAN THAT HE SUFFERED DAMAGES?

20 THE COURT: THAT'S WHAT HE'S SAYING.

21 MR. TANNATT: WHEN WE COLLECTED THE MONEY?

22 THE COURT: RIGHT. WHAT'S YOUR RESPONSE TO THAT?

23 MR. TANNATT: FOR AMOUNTS OWED?

24 THE COURT: I DON'T KNOW. THIS IS A DEMURRER.

25 MR. TANNATT: WELL, BASICALLY, THIS WAS THE AMOUNT THAT
26 WE HAD REPRESENTED TO HIM WAS OWED. FRAUD IS BASED ON A
27 MISREPRESENTATION. IT WAS A DEMAND THAT WAS BEING MADE ON
28 HIM, APPARENTLY ACCORDING -- WE WERE GOING FORWARD AND

1 SAYING THAT THESE WERE DEMANDS MADE, AND THERE WAS EVEN A
2 FORECLOSURE SPOKEN OF IF THESE MONIES WERE NOT PAID.

3 THE COURT: WERE THE COLLECTIONS OF MONEY MADE PURSUANT
4 TO THE BANK SCHEDULE PRIOR TO 2003?

5 MR. TANNATT: THEY WOULD HAVE BEEN ONGOING IN TERMS OF
6 THE DEMANDS THAT WOULD HAVE BEEN MADE, YES.

7 THE COURT: DOES THAT HAVE ANY SIGNIFICANCE?

8 MR. TANNATT: OF SIGNIFICANCE?

9 THE COURT: YES.

10 MR. TANNATT: YES, WE WOULD HAVE BEEN DEMANDING
11 COLLECTIONS. SO WE WOULD HAVE BEEN APPLYING ANY OF THOSE
12 PAYMENTS ACCORDING TO THE AMORTIZATION SCHEDULES AS WE
13 UNDERSTOOD THEM TO BE AND AS THEY WERE LAID OUT IN JUNE 18,
14 2001.

15 THE COURT: MR. SANDERS, IT ISN'T GOING TO WORK FOR YOU
16 TODAY. LET ME EXPLAIN WHY I SEE IT THAT WAY. NOW I'M GLAD
17 WE HAD A CHANCE TO TALK ABOUT THIS.

18 THE BREACH OF CONTRACT CLAIM ISN'T GOING TO WORK.
19 IT'S TOO LATE. THE ATTACHMENTS TO THE COMPLAINTS AS WELL AS
20 THE ATTACHMENTS TO YOUR OPPOSITION PAPERS SHOWS THAT BY JUNE
21 OF '01 AS TO THE SCHEDULING TABLES --- AND IF MR. TANNICH IS
22 CORRECT, THE BANKRUPTCY -- BY THE DOCUMENTATION I HAVE, THE
23 BANKRUPTCY ENDED IN JUNE OF '01. ANY TOLLING THAT WOULD
24 HAVE EXISTED, ASSUMING THERE WAS A TOLLING, YOU WERE AT THE
25 BANKRUPTCY STAGE. I'M NOT SURE THERE WOULD BE A TOLLING IN
26 THAT CONTEXT BECAUSE THE STATE HAS THE OPPORTUNITY TO
27 PROSECUTE CLAIMS.

28 IN ANY EVENT, WITH REGARD TO FRAUD, YOUR INITIAL

1 DAMAGES WOULD BE AS SOON AS YOU STARTED TO PAY DOWN THAT
2 AMORTIZATION LOAN, AND THEN YOU KNEW THAT IN '01. SO,
3 THEREFORE, THE TRIGGERING POINT FOR THE FRAUD CLAIM CAME AT
4 LEAST BY '01 AND ENDED BY '03.

5 YOU HAVE TO BRING A LAWSUIT BASED ON WHEN
6 SOMETHING TRIGGERS NOT BY WHEN IT ENDS.

7 MR. SANDERS: MAY I SAY SOMETHING, YOUR HONOR?

8 THE COURT: YOU NEED TO BE QUICK BECAUSE I HAVE PEOPLE
9 WAITING.

10 MR. SANDERS: MY POINT IS THIS, THE BANKRUPTCY COURT
11 CLERK PAID OFF THE LOAN AS THEY BOTH AGREED. IT WAS PAID
12 OFF IN A TIMELY MANNER. THEY TOOK OUT 300 AND SOME DOLLARS
13 OF THE SECOND PAYMENT -- WASHINGTON MUTUAL -- WITH ALL THESE
14 FEES THAT YOU SAW IN MY COMPLAINT.

15 THE COURT: WHAT TIME PERIOD DID THAT HAPPEN?

16 MR. SANDERS: THAT WAS DURING THE PROCESS OF THE
17 BANKRUPTCY. I BROUGHT IT TO THE COURT TRUSTEE AND MY
18 ATTORNEY.

19 THE JUSTICE DEPARTMENT SENT ME A NOTICE SAYING
20 THAT THEY WOULD INVESTIGATE. I GOT BACK WITH THE JUSTICE
21 DEPARTMENT AT A LATER DATE AND ASKED THEM, AND THERE WAS NO
22 RESPONSE.

23 MY ARGUMENT IS THIS: THAT DAMAGE THAT THEY TOOK
24 THAT MONEY OUT WHILE I WAS UNDER THE PROTECTION OF THE
25 BANKRUPTCY COURT -- ANYONE WHO KNOW ANYTHING ABOUT
26 BANKRUPTCY COURT KNOWS THAT WHEN YOU ARE UNDER A PLAN ---
27 THEY SUBMITTED TWO PAYMENTS TO THE BANKRUPTCY COURT THAT I
28 OWED, AND DURING THAT PERIOD OF TIME THEY TOOK \$300 AND SOME

1 DOLLARS FROM THE TWO PAYMENTS THAT THE COURT TRUSTEE SENT TO
2 THEM.

3 THE COURT: LET'S ALL ASSUME THAT'S TRUE --

4 MR. SANDERS: IT'S TRUE JUST BECAUSE YOU HAVE THE
5 DOCUMENT THAT PROVES IT. SO THAT CAUSED ME TO HAVE TO BE
6 SUBJECT TO FORECLOSURE BY THE ACTION THAT THEY DID OUTSIDE
7 THE BANKRUPTCY COURT.

8 THE COURT: AND THAT ALL OCCURRED PRIOR TO JUNE OF
9 2001, RIGHT?

10 MR. SANDERS: IT WAS PRIOR TO THAT TIME, BUT THE POINT
11 I'M GETTING AT IS THAT THE COURT TRUSTEE HAD PROMISED TO DO
12 SOMETHING ABOUT IT. THAT'S THE BANKRUPTCY COURT. THEY
13 DIDN'T DO ANYTHING ABOUT IT. I COULDN'T MAKE THEM DO
14 ANYTHING ABOUT IT. THAT'S ONE ISSUE.

15 I BROUGHT IT TO THE CHAIRMAN OF WASHINGTON MUTUAL.
16 YOU SAW THE LETTER ON THAT. THEY DIDN'T DO ANYTHING ABOUT
17 IT.

18 THE COURT: THAT LETTER IS FROM JUNE OF '01.

19 MR. SANDERS: YEAH, BUT WHAT I'M SAYING IS I BROUGHT IT
20 TO EVERYONE'S ATTENTION. I'M STILL WAITING ON THE COURT
21 TRUSTEE BECAUSE EVEN THE BANKRUPTCY -- I WAS DOWN THERE, AND
22 THEY WERE GOING TO DO THAT COLLECTIONS. THAT WAS THAT PART
23 THERE.

24 BUT THAT'S JUST ONE OF THE PROBLEMS THAT CAUSED ME
25 TO HAVE TO REFINANCE MY HOUSE BECAUSE THEY THREATENED TO
26 FORECLOSE ME. ANYONE KNOW THAT WHEN YOU VIOLATE THE
27 BANKRUPTCY COURT AND TRY TO COLLECT MONEY OUTSIDE OF THE
28 PLAN, THAT'S A VIOLATION OF THAT PARTICULAR STATUTE.

1 I'M HANDICAPPED. THE COURT TRUSTEE PROMISED TO DO
2 SOMETHING. THEY DIDN'T DO IT. I BROUGHT IT TO THE
3 ATTENTION OF EVERYBODY.

4 WHAT I'M SAYING ON THE BREACH OF CONTRACT WHEN
5 THEY TOOK -- I COULD FILE WITH THE COURT ALL DAY LONG SAYING
6 THERE'S A DISPUTE IN THE COMPUTER. THEN THE COURT WOULD ASK
7 ME, WHAT ARE YOUR DAMAGES? NO DAMAGES YET BECAUSE I HAVEN'T
8 LOST ANYTHING BECAUSE IT'S JUST A MIX UP IN THE FIGURES.
9 WHEN THEY KNEW FOR ALL THOSE YEARS THAT THERE WAS A DISPUTE
10 IN THE WAY THEY WERE CALCULATING -- IT'S OVER A \$10,000
11 DISCREPANCY AS YOU SEE IN THE REPORT THAT I GOT THERE. IF
12 THAT'S NOT FRAUD, I DON'T KNOW WHAT IS.

13 YOU KNOW THESE MISTAKES ARE THERE. THEY ARE
14 BROUGHT TO YOUR ATTENTION. I COULDN'T COLLECT A DIME ON
15 CALCULATING THE PAYMENTS. THEY KNEW AT THE TIME THAT THEY
16 ASKED FOR A DEMAND IN THE PAYOFF IN ESCROW THAT THOSE
17 PAYMENTS WERE WRONG AND STILL SENDING A \$10,000
18 DISCREPANCY -- OVER \$10,000 DISCREPANCY, THEN THAT'S FRAUD.
19 THAT'S MALICE AFORETHOUGHT FROM ANY STANDPOINT. YOU KNOW
20 THERE WAS A DISPUTE.

21 I COULD GO IN COURT ALL DAY, YOUR HONOR, AND ASK
22 YOU FOR -- I WANT A JUDGMENT ON THE DISCREPANCY IN FIGURES.
23 YOU WOULD SAY WHAT ARE MY DAMAGES? I HAVE NO DAMAGES. THEY
24 JUST GOT THE FIGURES WRONG, BUT WHEN THEY ACTUALLY EXECUTED
25 IT IN 2003 AND DEMANDED OVER \$10,000 MORE THAN WHAT THEY
26 WERE ENTITLED TO, THAT'S WHEN THE DAMAGES COME IN.

27 THE COURT: ALL RIGHT, MR. TANNATT, WHAT HE'S SAYING TO
28 ME IS, LOOK, WE HAD A PAPER DISPUTE, BUT I DIDN'T REALLY

1 HAVE ANY OUT OF POCKET LOSSES UNTIL I PAID OFF THE LOAN.

2 WHAT'S YOUR RESPONSE TO THAT?

3 PRIVATE COUNSEL: IT SEEMS TO APPEAR TO ME THAT THERE
4 WAS A PAYMENT THAT HE CLAIMS WE TOOK DURING BANKRUPTCY THAT
5 HE CLAIMS THAT WE WERE NOT ENTITLED TO, BUT THAT WAS IN
6 2001.

7 THE COURT: THAT'S IN '01, BUT NOW HE'S CLAIMING THAT,
8 LOOK, THIS DISPUTE I HAD OVER THE AMORTIZATION TABLES WAS
9 JUST A PAPER DISPUTE. IF I HAD NEVER REFINANCED, IT WOULD
10 HAVE --- THE LOAN WOULD HAVE PAID OFF OVER TIME, AND I WOULD
11 HAVE BEEN UNHAPPY ABOUT IT, BUT I DIDN'T HAVE ANY ACTUAL OUT
12 OF POCKET LOSSES UNTIL I REFINANCED, AND THEN YOU GUYS TOOK
13 TOO MUCH MONEY ON MY REFINANCE.

14 MR. TANNATT: I THINK WE STILL GO BACK TO THE LETTERS
15 THAT WERE EXPLAINING THE REASONS THAT WE WROTE TO HIM BACK
16 IN 2001 --- IN JUNE OF 2001, AND THEY WERE STILL DEMANDING
17 MONEY FROM HIM WHICH HE WAS PAYING AT THE TIME. IT ISN'T
18 THE OVERALL PAYMENT. IT STEMS BACK FROM 2001, AND HE WOULD
19 HAVE BEEN DAMAGED BEFORE THEN.

20 THE COURT: I'VE THOUGHT ABOUT THIS A LOT. I DON'T
21 PARTICULARLY LIKE THE RESULTS, BUT I THINK AT THE END OF THE
22 DAY THE STATUTE OF LIMITATIONS IS A BAR.

23 I'M SORRY, MR. SANDERS, BUT THAT'S WHAT I'M GOING
24 TO HAVE TO DO. FOR A LOT OF REASONS NOT RELATED TO YOU,
25 YOUR CLAIM IS NOT TIMELY.

26 MR. SANDERS: YOUR HONOR, MAY I ASK A QUESTION? WHAT
27 IS THE STATUTE OF LIMITATIONS? WHAT IS THE COURT RULING ON
28 THE STATUTE?

1 THE COURT: THE STATUTE OF LIMITATIONS FOR A BREACH OF
2 CONTRACT IS FOUR YEARS. THE STATUTE OF LIMITATIONS FOR
3 FRAUD IS THREE.

4 MR. SANDERS: I'M WITHIN THE LIMITS.

5 THE COURT: I HAPPEN TO DISAGREE. WITH ALL DUE
6 RESPECT, THE DEMURRER IS SUSTAINED WITHOUT LEAVE TO AMEND.

7 IS THERE AN ORDER IN HERE?

8 MR. TANNATT: NO. I WILL PROVIDE IT.

9 THE COURT: PROVIDE ONE PURSUANT TO RULE 391 OF
10 CALIFORNIA RULES OF COURT, AND YOU WILL GIVE NOTICE AS WELL,
11 MR. TANNETT.

12 MR. TANNATT: THANK YOU.

13
14 (PROCEEDINGS CONCLUDED.)
15
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28

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NO. B

HON. WILLIAM BARRY, JUDGE

LEON SANDERS,

PLAINTIFF,

VS.

WASHINGTON MUTUAL BANK, ET AL.,

DEFENDANT(S).

NO. TC020274

REPORTER'S
CERTIFICATE

I, ANGELIA PARRISH, OFFICIAL REPORTER OF THE
SUPERIOR COURT OF THE STATE OF CALIFORNIA, FOR THE COUNTY OF
LOS ANGELES, DO HEREBY CERTIFY THAT THE FOREGOING
PAGES 1 THROUGH 14, INCLUSIVE, COMPRISE A FULL, TRUE AND
CORRECT TRANSCRIPT OF THE PROCEEDINGS HELD IN THE
ABOVE-ENTITLED MATTER, REPORTED BY ME ON OCTOBER 24, 2006.

DATED THIS 27th DAY OF NOVEMBER, 2006.


ANGELIA PARRISH, CSR #8909

OFFICIAL REPORTER

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

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DEFENDANT(S).

REPORTER'S TRANSCRIPT OF PROCEEDINGS

NOVEMBER 3, 2006

COPY

APPEARANCES:

FOR THE PLAINTIFF:

LEON SANDERS, IN PRO PER
19219 NORTHWOOD AVENUE
CARSON, CA 90746
(310) 637-6939

FOR THE DEFENDANT
MORGAN STANLEY:

KIMBERLY FANADY, ESQ.
(BY COURT CALL)

ANGELIA PARRISH, CSR #8909
OFFICIAL REPORTER

1 CASE NUMBER: TC020274
2 CASE NAME: LEON SANDERS VS.
3 WASHINGTON MUTUAL BANK, ET AL.
4 COMPTON, CA FRIDAY, NOVEMBER 3, 2006
5 DEPARTMENT NO. B HON. WILLIAM BARRY, JUDGE
6 REPORTER: ANGELIA PARRISH, CSR NO. 8909
7 TIME: A.M. SESSION

8
9 APPEARANCES:

10 PLAINTIFF LEON SANDERS, IN PRO PER;
11 DEFENDANT MORGAN STANLEY REPRESENTED BY
12 KIMBERLY FANADY.

13
14 THE COURT: NO. 2 IS THE CASE OF SANDERS VERSUS MORGAN
15 STANLEY, TC020274.

16 COME ON UP, MR. SANDERS.

17 MR. SANDERS: GOOD MORNING, YOUR HONOR. LEON SANDERS
18 FOR THE PLAINTIFF, PRO PER.

19 THE COURT: GOOD MORNING, MR. SANDERS.

20 DO WE HAVE SOMEONE ON COURT CALL FOR THIS?

21 MS. FANADY: YES, YOUR HONOR. GOOD MORNING. THIS IS
22 KIMBERLY FANADY APPEARING FOR MORGAN STANLEY.

23 THE COURT: DID YOU GET A CHANCE TO BE SEE MY
24 TENTATIVE?

25 MS. FANADY: I DID, YOUR HONOR. THANK YOU.

26 THE COURT: VERY WELL.

27 HOW ABOUT YOU, MR. SANDERS?

28 MR. SANDERS: YES, I DID.

1 THE COURT: WELL, MR. SANDERS, IT LOOKS TO ME LIKE THIS
2 IS A REPLAY OF WHAT HAPPENED A COUPLE OF WEEKS AGO WHEN YOU
3 WERE HERE IN CONNECTION WITH WASHINGTON MUTUAL'S MOTION.

4 THERE'S TWO CAUSES OF ACTION THAT HAVE BEEN
5 ALLEGED, BREACH OF CONTRACT AND FRAUD, AND AS I INDICATED TO
6 YOU AT THAT TIME, IT LOOKS TO ME LIKE IT'S GOING BACK TO A
7 PERIOD OF TIME WHEN STATUTE OF LIMITATIONS WAS A PROBLEM,
8 UNDERSTANDING THAT YOU WERE LEFT IN THE LURK BY AN ATTORNEY
9 WHO YOU THOUGHT WAS PROTECTING YOUR INTEREST AT THE TIME.

10 WHY DON'T YOU TELL ME WHAT YOU THINK ABOUT THIS?

11 MR. SANDERS: YES, YOUR HONOR. I WILL BE GLAD TO.

12 I WANT TO RESPOND IN ANSWERING THE QUESTION THAT
13 YOU JUST PUT TO ME TO THE DEFENDANT'S REPLY MEMORANDUM THAT
14 THEY --- TO THE PLAINTIFF'S OPPOSITION.

15 I REFER TO PAGE 4 ---

16 THE COURT: HOLD ON JUST A SECOND. LET ME GET IT.
17 PAGE 6, LINE --

18 MR. SANDERS: PAGE 4, LINE 23 THROUGH 27.

19 THE COURT: HOLD A MINUTE. I GOT THEIR REPLY PAPERS
20 HERE. PAGE 4, LINE 23. OKAY. LET ME READ IT.

21 OKAY. GO AHEAD.

22 MR. SANDERS: IT STATES IN LINE 23, ACCORDING TO ANY
23 SUCH BREACH OF CONTRACT OCCURRED IN THE LOAN AGREEMENT, THEY
24 ARE ALLEGING THAT IT OCCURRED ON NOVEMBER THE 11TH, 1994
25 WHEN I SIGNED THE LOAN AGREEMENTS. IT FURTHER GOES ON, ON
26 LINE 25, SEE MIRALES ** REFERRING TO THE CALIFORNIA FOURTH
27 APPELLATE COURT 2003, AND IT SAYS IT WAS CITED --- IN THIS
28 PARTICULAR CASE, THEY WERE CITING NEAL VERSUS MAGANDA 1971

1 WHERE IT STATES A CONTRACT CAUSE OF ACTION OCCURS WHEN A
2 WRONGFUL ACT IS DONE.

3 NOW I GAVE THE PLAINTIFF'S A COPY OF EACH ONE OF
4 THESE, BOTH WASHINGTON MUTUAL AND MORGAN STANLEY. I REFER
5 TO THE -- THEY HAVE A COPY AND THE COURT HAS A COPY OF THIS
6 PARTICULAR RULING IN THE PLAINTIFF'S FORM -- IN THE UNITED
7 STATES DISTRICT COURT RULING REGARDING SANDERS. YOU WILL
8 NOTICE MY NAME AT THE BOTTOM OF THIS PARTICULAR RULING.

9 THE COURT: IS THIS ONE OF YOUR EXHIBITS?

10 MR. SANDERS: NO, YOUR HONOR. I ATTEMPTED TO GIVE YOU
11 THIS LAST WEEK, AND YOU SAID NO. SO I COULDN'T GIVE IT TO
12 YOU, BUT I GAVE BOTH WASHINGTON MUTUAL'S ATTORNEY AND MORGAN
13 STANLEY A COPY OF THIS. YOU DIDN'T HAVE A COPY BECAUSE YOU
14 SAID NO. YOU WOULDN'T TAKE IT.

15 I REFERRED TO A RULING TO THE PLAINTIFF LEON
16 SANDERS NAMED AT THE BOTTOM OF THIS PARTICULAR RULING. IT
17 SAYS ORDINARILY CALIFORNIA A PLAINTIFF MAY NOT RECOVER
18 PUNITIVE DAMAGES FOR CAUSE OF ACTION FOR BREACH OF CONTRACT.
19 CALIFORNIA CIVIL CODE 3294 PROVIDES IN AN ACTION OR SUCH
20 BREACH OF OBLIGATION ARISING WHERE IT IS PROVEN BY CLEAR AND
21 CONVINCING EVIDENCE THAT THE DEFENDANT IS GUILTY OF
22 OPPRESSION, FRAUD OR MALICE, THE PLAINTIFF IN ADDITION TO
23 DAMAGES MAY RECOVER DAMAGES FOR THE SAKE OF A WAY OF
24 PUNISHING THE DEFENDANTS. THEN IT GOES ON TO SAY ON LINE 23
25 EXCEPT WHEN A WRONGFUL ACT OR A TORT IS DONE.

26 THE PLAINTIFF'S ARGUMENT HERE IS THERE ARE TORTS
27 IN THE YEARS OF THE ALLEGED 1994 AS THE DEFENDANT IS
28 DECLARING HERE THAT THE BREACH OCCURRED. A TORT HAD NOT

1 OCCURRED.

2 ALSO WHEN I SUBMITTED THESE PAPERS TO GIVE BOTH
3 DEFENDANTS A COPY OF THIS DOCUMENT, I ALSO CITED A COPY OF
4 THE FEDERAL TRADE COMMISSIONS ACT PURSUANT TO THIS SAME
5 AGREEMENT HERE. IF YOU WANT A COPY, I'LL GIVE IT TO YOU.
6 PURSUANT TO THE SAME AGREEMENT WHERE THE FEDERAL TRADE
7 COMMISSION --- WHICH I GOT THESE COPIES FROM THE FEDERAL
8 TRADE COMMISSION'S OFFICE SENT TO MY HOUSE FROM THE FEDERAL
9 TRADE COMMISSION IN WASHINGTON, D.C., STATED WHAT
10 CONSTITUTED FRAUD. SO THIS IS A FEDERAL STATUTE I'M CITING,
11 AND IT IS A STATE STATUTE HERE.

12 FOR ME TO FILE A CLAIM IN 1994, A TORT HAD NOT
13 OCCURRED. A TORT OCCURRED ON APRIL 23RD, 2003 WHEN, FOR
14 EXAMPLE, JUST ONE OTHER THING I WOULD LIKE TO BRING YOUR
15 ATTENTION HERE. I WROTE IT DOWN HERE.

16 IN MY OPPOSITION --- IN PLAINTIFF'S OPPOSITION,
17 EXHIBIT 4, THE DEMURRER SHOWS THAT ONE SET OF ACCOUNTING
18 RECORDS WAS PRESENTED FROM MORGAN STANLEY, AND IN EXHIBIT 41
19 THROUGH 51 IN THE PLAINTIFF'S OPPOSITION TO THIS DEMURRER,
20 IT SHOWS A DIFFERENT PAYMENT RECORDS, AND IN EXHIBITS 41
21 THROUGH 44 SHOWS ANOTHER DIFFERENT ACCOUNTING RECORDS. SO
22 THIS IS THREE DIFFERENT ACCOUNTING RECORDS THAT OCCURRED
23 DURING THIS PERIOD AND ONGOING. EACH ONE OF THEM DIFFERENT
24 FROM THE OTHER. NEITHER ONE OF THEM WHO GRANT THE
25 PLAINTIFF'S ANY DAMAGES BECAUSE THERE WAS NO WRONG HAD
26 OCCURRED. NO TORT HAD OCCURRED AT THIS PARTICULAR PERIOD.

27 THE COURT: LET ME ASK THE CLERK TO PICK UP THE
28 DOCUMENT FROM MR. SANDERS SO I CAN TAKE A LOOK AT IT.

1 MS. FANADY: YOUR HONOR, THIS IS KIMBERLY FANADY. IF I
2 MAY, I'M NOT SURE WHAT DOCUMENT MR. SANDERS IS HANDING UP.
3 IS THAT A COPY OF A COURT DOCUMENT?

4 THE COURT: I HAVEN'T GOT IT YET. I DON'T KNOW.

5 MR. SANDERS: THE DOCUMENTS FOR THE FEDERAL TRADE
6 COMMISSION, I DON'T HAVE THEM WITH ME, BUT I CAN GET THEM TO
7 YOU. THEY BOTH HAVE COPIES OF THOSE.

8 THE COURT: THANK YOU. THE COURT HAS BEEN PROVIDED
9 WITH TWO PAGES --- ACTUALLY THREE PAGES BY MR. SANDERS. ONE
10 IS A PAGE FROM PLAINTIFF'S OPPOSITION TO DEFENDANT MORGAN
11 STANLEY'S MOTION FOR DEMURRER OF PLAINTIFF'S CASE, AND I
12 MUST HAVE THAT. DON'T I?

13 MR. SANDERS: YOU DON'T HAVE THAT ONE. I JUST TYPED
14 THAT ONE UP LAST NIGHT, BUT THOSE DOCUMENTS THERE, BOTH
15 DEFENDANTS AND THE PLAINTIFF HAVE THE OTHER ONE, AND I
16 ATTEMPTED TO GIVE THEM TO YOU ON THE 24TH BUT YOU REFUSED
17 THEM.

18 THE COURT: WELL, I REFUSED --- WHICH ONE DID YOU SAY I
19 REFUSED? THE TWO-PAGE DOCUMENT?

20 MR. SANDERS: THE TWO-PAGE DOCUMENT AND ALSO I HAD THE
21 FEDERAL TRADE COMMISSION RULINGS ON THAT.

22 THE COURT: HOLD ON A MINUTE. LET ME TAKE A LOOK AT
23 THIS.

24 THE REASON I DON'T SPECIFICALLY RECALL REFUSING
25 ANYTHING AT THE LAST HEARING ON THE MOTION MADE BY
26 WASHINGTON MUTUAL, BUT IF I DID, IT WAS BECAUSE IT WAS BEING
27 PROVIDED TO ME FOR THE FIRST TIME AT THE HEARING, AND I
28 DON'T NORMALLY LOOK AT THINGS THE FIRST TIME AT THE HEARING.

1 I'M LOOKING AT THE DOCUMENT. IT LOOKS LIKE A
2 PLEADING FORM. WHERE DID YOU GET THIS FROM?

3 MR. SANDERS: THE COURT, THE FEDERAL COURT. MY NAME IS
4 ON THE BOTTOM. THAT'S A CASE THAT I HAVE IN THE FEDERAL
5 COURT WHICH THE JUDGE MADE THIS RULING. IF YOU'LL NOTICE ON
6 THE SECOND PAGE THERE, IT SAID PUNITIVE DAMAGES. I WAS
7 ALLOWED PUNITIVE DAMAGES BECAUSE IF I WASN'T --- DID NOT
8 WAIVE MY RIGHT FOR PUNITIVE DAMAGES IN THE CONTRACT AND HAD
9 KNOWLEDGE OF IT, CITING ALEXANDER ON THE NEXT PAGE THERE, IT
10 DOESN'T COUNT.

11 THE COURT: WELL, THAT ISN'T VERY PERSUASIVE TO ME IN
12 THIS CASE, MR. SANDERS. THIS IS A STATE COURT. I
13 UNDERSTAND WHAT THE STATE COURT LAW IS. IT LOOKS TO ME LIKE
14 A QUICK SKIM OF THESE TWO PAGES YOU WERE ASKING THE FEDERAL
15 COURT TO SUSTAIN A CLAIM FOR PUNITIVE DAMAGES IN CONNECTION
16 WITH THE CONTRACT CLAIM OR TO ADD IT, AND THE COURT SAID NO.
17 IT LOOKS LIKE THE COURT SAID NO.

18 MR. SANDERS: NO, THEY DIDN'T, YOUR HONOR.

19 THE COURT: IN ANY EVENT, I DON'T PARTICULARLY SEE
20 WHERE THIS IS RELEVANT TO THE ISSUES THAT HAVE BEEN RAISED
21 BY MORGAN STANLEY'S DEMURRER.

22 MR. SANDERS: SHE CITED THE CALIFORNIA LAW THAT
23 PROVIDES FOR THIS DAMAGES AND WHEN A TORT BEGINS. A TORT
24 BEGINS AFTER DAMAGES OCCUR.

25 THE COURT: GOING BACK TO THE PART YOU CITED IN THE
26 REPLY PAPERS ON PAGE 4, LINES 23 THROUGH 25, YOU STATE TWO
27 CAUSE OF ACTION. ONE IS BREACH OF CONTRACT AND ONE IS FOR
28 FRAUD.

1 SO CLEARLY ON THE BREACH OF CONTRACT CLAIM WHICH
2 IS WHAT THE PAGE 4, LINE 23 THROUGH 26 REFERENCES TO, IT'S
3 BLACK LETTER LAW THAT A CONTRACT CAUSE OF ACTION ACCRUES
4 WHEN THE BREACH IS DONE, NOT WHEN THE DEFENDANT DISCOVERS HE
5 OR SHE HAS A CAUSE OF ACTION TO PURSUE.

6 IN THIS CASE AS I RECALL IT -- TELL ME IF I'M
7 WRONG, MR. SANDERS -- YOUR COMPLAINT IN THIS CASE IS THAT
8 THE LENDING INSTITUTIONS USED THE WRONG LOAN AMORTIZATION
9 SCHEDULE AND DENIED YOU THE REDUCTION OF THE PRINCIPAL THAT
10 YOU THINK YOU WERE ENTITLED TO IN THIS LOAN. IS THAT RIGHT?

11 MR. SANDERS: THERE WAS A REPEATED EFFORT IN THE
12 ACCOUNTING. ALL THE PAPERS WAS WRONG ALL THE TIME. THAT'S
13 THREE DIFFERENT VERSIONS.

14 AS I SAY BEFORE AND AS HE CITES IN THIS PARTICULAR
15 LAW OF 1971, IT DOESN'T BECOME DAMAGE UNTIL AN ACT THAT
16 WOULD CAUSE YOU TO RECOVER DAMAGES. IN THESE THREE
17 DIFFERENT ACCOUNTING THAT THEY GAVE ME, I COULD HAVE FILED A
18 COURT --- AS I TOLD YOUR HONOR LAST HEARING, I COULD FILE A
19 COURT ON ALL THREE OF THOSE DIFFERENT ACCOUNTING ACTS, AND I
20 COULD ASK THE COURT FOR WHAT? NOTHING BECAUSE I HADN'T LOST
21 ANYTHING. SO HOW COULD I RECOVER SOMETHING? HOW COULD A
22 TORT HAVE OCCURRED WHEN THERE WERE NO DAMAGES?

23 THE COURT: RIGHT. THIS IS THE EXACT SAME ISSUE THAT
24 CAME UP BEFORE IN YOUR VIEW --- AND BEFORE I MEAN IN
25 CONNECTION WITH WASHINGTON MUTUAL. IN YOUR VIEW YOU DIDN'T
26 ACTUALLY SUFFER ANY DAMAGES UNTIL THE LOAN WAS PAID OFF AND
27 YOU AT THAT POINT DIDN'T RECEIVE THE EQUITY OR THE CAPITAL
28 BACK THAT YOU EXPECTED TO RECEIVE.

1 MR. SANDERS: \$10,000 LOAN FROM MORGAN STANLEY, \$10,000
2 FROM -- OVER \$10,000 FROM WASHINGTON MUTUAL AND MONIES THAT
3 THEY WASN'T ENTITLED TO.

4 THE COURT: LET ME SEE WHAT MISS FANADY HAS TO SAY
5 ABOUT THAT PARTICULAR ISSUE.

6 MISS FANADY, DO YOU UNDERSTAND WHAT I WAS
7 REFERRING TO?

8 MS. FANADY: I THINK SO, YOUR HONOR. I THINK SO.

9 YOUR HONOR, THE LOAN WAS PAID OFF THROUGH THE
10 BANKRUPTCY THROUGH THE CONFIRMED BANKRUPTCY PLAN. THIS IS
11 ESSENTIALLY A COLLATERAL EVENT ON THAT. IF THERE WAS ANY
12 PROBLEM WITH THE LOAN BEING PAID OFF, THAT SHOULD HAVE BEEN
13 ADDRESSED THROUGH THE BANKRUPTCY. SO SINCE IT WAS NOT
14 APPARENTLY OR WAS NOT TO MR. SANDERS' SATISFACTION, IN ANY
15 CASE IT CAN'T BE ADDRESSED NOW.

16 THE COURT: THIS IS THE NEW ISSUE THAT THIS PARTICULAR
17 DEFENDANT IS RAISING, MR. SANDERS. IN THE BANKRUPTCY
18 PETITION YOUR ESTATE IS REPRESENTED BY A TRUSTEE, AND WHILE
19 YOU OBVIOUSLY ARE NOT SATISFIED WITH WHAT THE TRUSTEE DID, I
20 THINK THIS IS AN ADDITIONAL GROUNDS FOR SUSTAINING THE
21 DEMURRER.

22 GO AHEAD AND TELL ME WHAT YOU'D LIKE TO DO.

23 MR. SANDERS: YOUR HONOR, WITH ALL DUE RESPECT TO THE
24 COURT AND TO BOTH DEFENDANTS, I THINK EVERYONE IS MISSING
25 THE WHOLE POINT AND THAT IS THE BANKRUPTCY COURT HAS NOTHING
26 TO DO WITH MY LOAN AGREEMENTS. EVERY CITIZEN IN THE UNITED
27 STATES HAS A RIGHT TO FILE BANKRUPTCY. THOSE ARE TWO
28 DIFFERENT ISSUES.

1 THE PLAN WAS PAID OFF WITH MONIES THROUGH THE
2 COURT TRUSTEE THAT DIDN'T TOUCH MY HANDS, THE PLAINTIFF'S
3 HANDS. WHAT WASHINGTON MUTUAL DID, INSTEAD OF APPLYING THE
4 TWO PAYMENTS THAT THE COURT TRUSTEE SENT TO THEM THAT THEY
5 SUBMITTED TO THE BANKRUPTCY COURT FOR DEMAND FOR THAT AMOUNT
6 OF MONEY, THEY DIVERTED A PART OF IT AND CHARGED OTHER
7 THINGS.

8 ONCE I SATISFIED THE PLAN WHICH WAS A 36-MONTH
9 PLAN, THE LOAN GOES BACK INTO EFFECT AS IF NOTHING HAPPENED.
10 THAT HAS NOTHING TO DO WITH IT. SO THIS IS NOT A CASE
11 AGAINST THE BANKRUPTCY COURT.

12 FOR EXAMPLE, IF WASHINGTON MUTUAL HADN'T
13 THREATENED ME WITH FORECLOSURE FOR THESE PAYMENTS THAT THEY
14 SUBSIDIZED -- THE PAYMENTS THAT THE COURT TRUSTEE SENT TO
15 THEM AND PUT THEM INTO FEES SUCH AS INSPECTION FEES AND
16 APPLIED THOSE TWO PAYMENTS THAT THEY ASKED THE COURT FOR TO
17 MY ACCOUNT, WE WOULD BE STILL MAKING PAYMENTS TO WASHINGTON
18 MUTUAL.

19 THEY THREATENED ME BY TAKING 300 AND SOME DOLLARS
20 FROM ONE OF THOSE PAYMENTS AND CLAIMING THAT THEY DID AN
21 INSPECTION WHICH WAS VIOLATION OF THE LAW BECAUSE YOU'RE NOT
22 SUPPOSED TO CHARGE ANYBODY IN BANKRUPTCY FOR ANYTHING
23 OUTSIDE THAT BANKRUPTCY PLAN WHILE IT'S UNDER THE PROTECTION
24 OF THE BANKRUPTCY COURT.

25 THESE ATTORNEYS ARE VERY MUCH MORE SHARP ON THE
26 LAW THAN I AM. THEY KNOW THAT THIS IS THE LAW. YOU CANNOT
27 DO THOSE KIND OF THINGS. SO THIS HAS NOTHING TO DO WITH ME
28 SATISFYING THE PLAN OF THE BANKRUPTCY COURT. THIS HAS TO DO

1 WITH A LOAN THAT I MADE ON MY PROPERTY.

2 THE COURT: IS IT IN YOUR VIEW --

3 MR. SANDERS: IT'S TWO DIFFERENT THINGS ALL TOGETHER.

4 THE COURT: MR. SANDERS, IS IT YOUR VIEW THAT
5 WASHINGTON MUTUAL VIOLATED THE ORDERS OF THE BANKRUPTCY
6 COURT?

7 MR. SANDERS: THAT'S IT CORRECT. YES, SIR.

8 THE COURT: ALL RIGHT. I THINK THE MOVING PAPERS ARE
9 WELL TAKEN, MR. SANDERS. I UNDERSTAND THE POINTS THAT
10 YOU'VE BEEN TRYING TO MAKE WITH ME. I LOOKED AT THE PAPERS
11 YOU'VE PROVIDED AND I'VE HEARD YOU. UNFORTUNATELY, WE'RE
12 GOING TO HAVE TO AGREE TO DISAGREE ON THIS. I DON'T SEE IT
13 YOUR WAY. I AM GOING TO SUSTAIN THE DEMURRER WITHOUT LEAVE
14 TO AMEND.

15 MR. SANDERS: I'M TRYING TO GET THE COURT'S DEFINITION.
16 I GOT THE DEFINITION. I DIDN'T GET IT THE LAST TIME. I GOT
17 THE COURT'S DEFINITION -- I MEAN I GOT THE DEFENDANTS'
18 DEFINITION THAT THEY'RE ALLEGING THAT THE BREACH OF CONTRACT
19 STARTED WHEN I MADE THE LOAN OUT 10 YEARS AGO, AND I CAN'T
20 SEE HOW THAT MAKES ANY SENSE AT ALL BECAUSE THEY ARE THE
21 ONES THAT CREATED THIS SITUATION, NOT THE PLAINTIFF.

22 SO WHAT I'M TRYING TO ASK IS WHAT THE COURT ---
23 WHAT DATE IS THE COURT SAYING THAT THE BANKRUPTCY
24 OCCURRED -- THAT THE BREACH OCCURRED?

25 THE COURT: WELL, I DON'T HAVE THE EXACT DATE IN FRONT
26 OF ME, BUT WHAT I CAN TELL YOU IS MY RECOLLECTION IS THIS
27 LOAN GOES BACK INTO THE EARLY 1990S, RIGHT?

28 MR. SANDERS: WE HAVE TWO DIFFERENT LOANS WE'RE TALKING

1 ABOUT HERE.

2 THE COURT: WHEN DOES THIS ONE GO BACK TO?

3 MR. SANDERS: ONE GOES BACK IN '91 AND ONE GOES BACK IN
4 '94. THEY OBVIOUSLY CAN'T HAVE THE SAME DATE OF BREACH WHEN
5 THERE'S THREE YEARS DIFFERENCE BECAUSE THEY'RE TWO DIFFERENT
6 LOANS.

7 THE COURT: THE REALITY IS THAT FRAUD IT'S A THREE
8 YEARS STATUTE OF LIMITATIONS AND BREECH OF CONTRACT IT'S
9 FOUR.

10 MY UNDERSTANDING IS THAT YOUR COMPLAINT IS THE WAY
11 THE AMORTIZATION SCHEDULES WERE SET UP, YOU AT THE END OF
12 THE DAY DIDN'T RECEIVE THE AMOUNT OF EQUITY YOU INTENDED TO
13 RECEIVE. THE AMORTIZATION SCHEDULES WOULD HAVE BEEN CLEAR
14 FROM THE OUTSET, AND I THINK YOUR BASIC COMPLAINT OF HOW
15 THIS MORGAN STANLEY DEFENDANT ALLOCATED MONEY HAS TO DO WITH
16 HOW IT WAS APPROVED IN THE BANKRUPTCY OR ALTERNATIVELY --

17 MR. SANDERS: IT HAS NOTHING TO DO WITH THE BANKRUPTCY.

18 THE COURT: YOU NEED TO NOT INTERRUPT ME, MR. SANDERS.

19 MR. SANDERS: I'M SORRY.

20 THE COURT: AND ALTERNATIVELY, IF YOU THINK THEY
21 VIOLATED A BANKRUPTCY PROCEEDING OR VIOLATED A SCHEDULE OR
22 PROTOCOL THAT WAS SET UP BY THE TRUSTEE IN BANKRUPTCY, THEN
23 YOUR REMEDIES GO BACK TO BANKRUPTCY AND NOT HERE.

24 I DON'T HAVE ANY JURISDICTION TO ADJUDICATION WHAT
25 SHOULD OR SHOULDN'T HAVE HAPPENED IN THE BANKRUPTCY COURT.
26 THAT'S THE BASIS OF THEIR DEMURRER, AND I FIND IT HAS MERIT.
27 I'VE HEARD ALL I CAN FROM YOU, SIR, BECAUSE I HAVE OTHER
28 PEOPLE WAITING, AND I AM GOING TO SUSTAIN THE DEMURRER

1 WITHOUT LEAVE TO AMEND.

2 THANK YOU VERY MUCH.

3 MS. FANADY: THANK YOU, YOUR HONOR, AND THANK YOU FOR
4 LETTING ME APPEAR BY COURT CALL. I APPRECIATE THAT VERY
5 MUCH.

6 THE COURT: VERY WELL.

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8 (THE PROCEEDINGS CONCLUDED AT 9:20 A.M.)

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NO. B

HON. WILLIAM BARRY, JUDGE

LEON SANDERS,

PLAINTIFF,

VS.

WASHINGTON MUTUAL BANK, ET AL.,

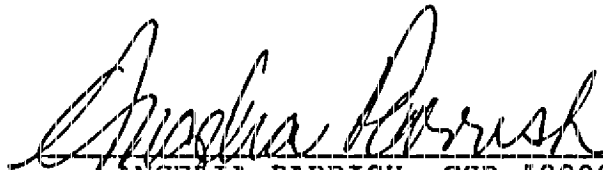
DEFENDANT(S).

NO. TC020274

REPORTER'S
CERTIFICATE

I, ANGELIA PARRISH, OFFICIAL REPORTER OF THE
SUPERIOR COURT OF THE STATE OF CALIFORNIA, FOR THE COUNTY OF
LOS ANGELES, DO HEREBY CERTIFY THAT THE FOREGOING
PAGES 1 THROUGH 12, INCLUSIVE, COMPRISE A FULL, TRUE AND
CORRECT TRANSCRIPT OF THE PROCEEDINGS HELD IN THE
ABOVE-ENTITLED MATTER, REPORTED BY ME ON NOVEMBER 3, 2006.

DATED THIS 29th DAY OF NOVEMBER, 2006.


ANGELIA PARRISH, CSR #8909

OFFICIAL REPORTER